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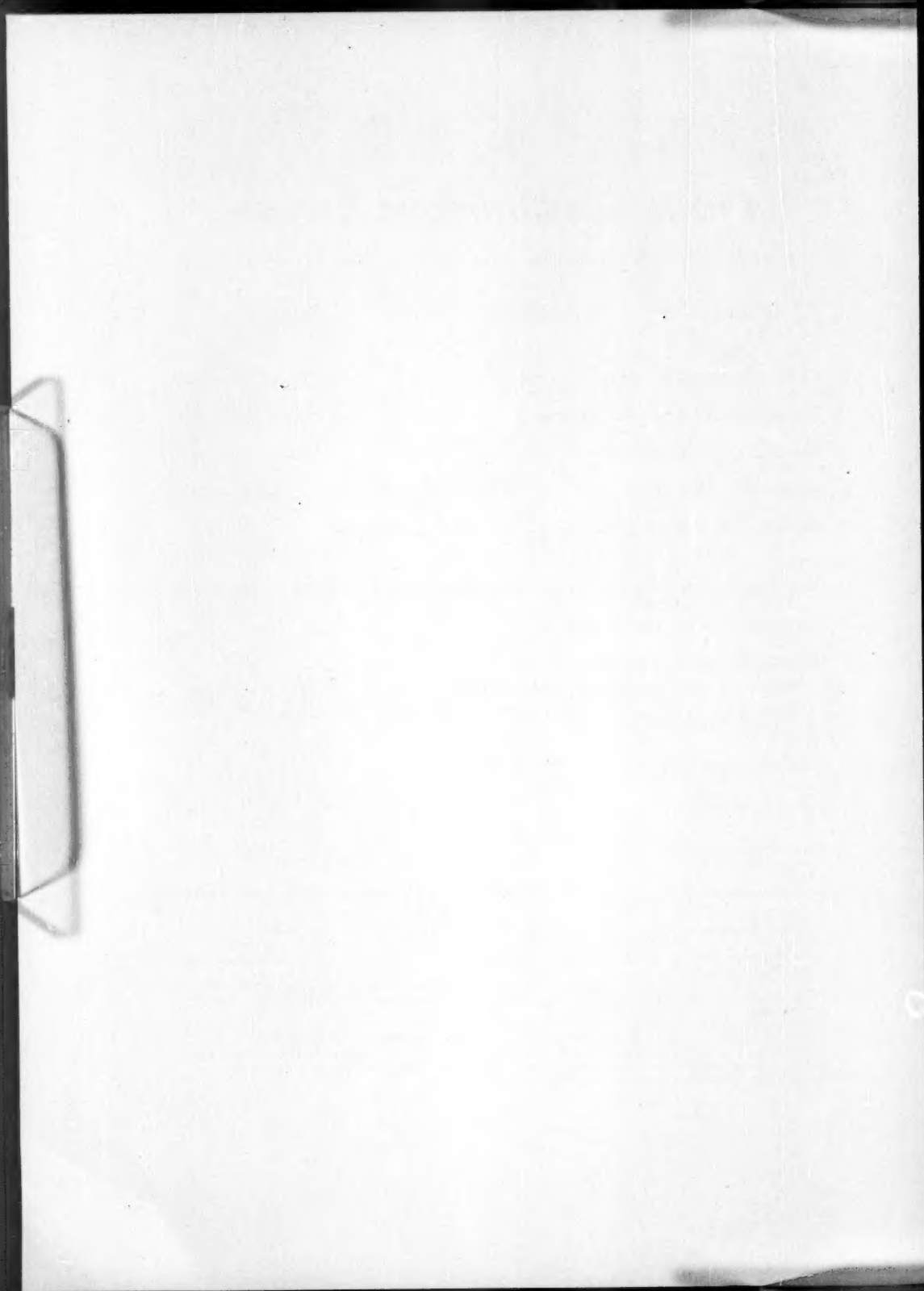
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General Dawes and Executive Staff Work

By DON K. PRICE

*Associate Director
Public Administration Clearing House*

HELL 'n' Maria, an underslung pipe, and a refusal to wear knee breeches as an ambassador—these, if we may judge from the newspaper obituaries, seem to be the things for which General Charles G. Dawes will be remembered by the general public.

A few students of politics are more discriminating. They will remember him for the Dawes Plan, or for his attempt as Vice President to reform the rules of the Senate.

Yet none of these is as important as the influence that Dawes had on the development of the executive machinery of the federal government—an influence in which his managerial interests were enriched by his experience as soldier, diplomat, and politician.

His influence was brought to bear at a strategic point in American history. Theodore Roosevelt and Woodrow Wilson had restored the role of President to one of positive executive leadership. But the Presidency lacked the institutional support, in the form of staff assistance, that any executive needs. The problem was not how to create an executive staff that a management expert would consider ideal. The problem was rather how to change the traditional habits and attitudes of Cabinet members and congressmen so that a system of staff work could be created at all. In this, General Dawes made a brilliant and original contribution to the art of administration and the development of constitutional practice.

My personal acquaintance with General Dawes did not begin until he was nearly eighty years old. As vice chairman of the Board of Trustees of Public Administration Clearing House, he maintained a lively interest in the administrative problems of the fed-

eral government—an interest that was none the less sympathetic for all his strong opposition to the policies of the party in office. It was not only sympathetic; it was pertinent to what was going on after World War II. For it was based on a definite theory of human nature, a deep appreciation of the effect of administrative precedents and procedures on the constitutional machinery of the national government, and an awareness of the relation of domestic administration to the conduct of international affairs.

As a young lawyer in Lincoln, Nebraska, General Dawes was a close friend of a new Army lieutenant by the name of John J. Pershing. His friendship with Pershing took him to France as coordinator of the American Expeditionary Force supply problem during the First World War. This was not his first experience in the federal government—he had been comptroller of the currency under President McKinley—but it helped him to develop a theory of the relation of staff work to executive authority on which much of his future accomplishment depended.

While Public Administration Clearing House was working for the Hoover Commission, General Dawes wandered from a discussion of current problems to talk about the development of the federal budget system. President Harding, he told me, asked him to be Secretary of the Treasury. This position, to a banker and former comptroller of the currency, might well have seemed the most desirable that the President could award. But General Dawes refused and told the President that there was only one job in the Administration that he would be willing to take on—a job as

an assistant secretary to the President. As Secretary of the Treasury he would have no general influence over the administration of the government as a whole; in a less conspicuous staff job, and with the backing of the President's authority, he believed that he could have the same impact on the federal government as a whole that he had had on the A.E.F. under General Pershing.

A little later the Budget and Accounting Act created the position of director of the budget, which corresponded precisely to the position that General Dawes had had in mind. General Dawes knew that the Budget Bureau, although set up by statute, really depended entirely on the President's support. As he wrote a little later: "As long as the President is not indifferent to his business duty, Budget law or no Budget law, the system will work. . . . Nothing should be allowed to withdraw the attention of the public from the duty and powers of the President, and to divert it to a machine which, without him, would be as dead as a locomotive without water and coal."¹

General Dawes, as a great conservative, was particularly fond of a quotation from another great conservative. Time and again in conversation, as well as in various writings, he quoted Edmund Burke as saying that "politics ought to be adjusted not to human reasonings, but to human nature, of which reason is but a part and by no means the greatest part."²

Department heads, in General Dawes' theory, were bound to have their principal interests and ambitions wrapped up in the special purposes of their own departments. ". . . cabinets, urged by human instincts, will continually press for departmental independence upon the President; and the minute he relaxes his attention to his duties as head of the routine business organization, they will attack the present superimposed co-ordinating machine which . . . alone relegates them to the subordinate position in which they belong."³

He made the same point in 1948 in a personal letter which he wrote to Herbert Em-

merich (director of Public Administration Clearing House) to comment on some of the ideas being considered by the Hoover Commission:

What gives the Director of the Bureau of the Budget his present powers over the routine administration of governmental business is alone the fact that he represents the authority of the Chief Executive.

. . . Experience has shown that always in the mind of a department head the needs of his department take precedence over his conception of the needs of the Government as a whole.

Cabinet Officers, instead of impartially carrying down the executive pressure behind a plan to bring governmental expenditures within governmental receipts, become a conduit for the carrying up to the Chief Executive of pressure originating with the Bureau Chiefs in their departments for increased appropriations and departmental independence.

As budget director, General Dawes is remembered mainly for his insistence on economy. But he insisted that it was entirely wrong to think

. . . that the Bureau of the Budget is established primarily for the sake of reducing expenses. The Bureau of the Budget is designed, through its facilities for securing information, to be in a position to give impartial advice to the President and to Congress in all matters regarding the proper business functioning of government. . . .

It must be as willing to advise an increase in appropriations where the same is clearly in the interest of governmental efficiency and true economy as it is to advise reductions in expenses, which at the present time are so necessary.⁴

But whether for less expenditures or more, Dawes was sure that the Budget Bureau, or any other executive staff, had to act as an agency "of executive pressure" and he never assumed that coordination could be achieved by relying on the motives of individual departments or individual congressional committees.

This required a real revolution in federal administration. He knew that he was making a radical change in protocol by challenging the right of Cabinet members to run their departments in their own way. But while he was attacking custom, he was aware of its power and was eager to establish new custom. "In establishing rules and precedents at the inaugura-

¹ Charles G. Dawes, *The First Year of the Budget of the United States* (Harper & Brothers, 1923), Preface, p. x.

² See, for example, *Report of Dominican Economic Commission* (The Lakeside Press, 1929), p. 43.

³ *The First Year of the Budget*, p. xi.

⁴ *The First Year of the Budget*, pp. 116-17.

tion of the Budget system, it is necessary to keep constantly in mind that the system must rest upon firm foundations which will endure the test of time. In determining a precedent, the future must be kept in mind as well as the present environment."⁵

This idea led General Dawes to challenge the attitudes of Cabinet officers head on. "If I am timid in demanding right of way over department heads for the information gatherers of the Chief Executive, and trust to diplomacy or personal persuasion or acquaintance as an alternative, I am laying the foundation for the failure of my successors in office whose rights I must establish now by the creation of custom and habit."⁶

For this reason, General Dawes insisted on a great many minor points of protocol. He was careful to sign orders "By direction of the President," and he got the President's support in insisting that Cabinet members meet him in the Cabinet office of the White House, rather than calling on them in their own offices. He was particularly concerned about the nominal location of the Budget Bureau in the Treasury and, as he recorded in 1921, "I am glad to say that the Secretary of the Treasury walked upstairs to my office—one of his subordinate bureau chiefs—because he regarded it as necessary in connection with a call from me for information needed by the President of the United States. That will be an historic walk in the annals of the Budget bureau."⁷

Nevertheless he continued to worry about the bureau's status in the Treasury: "The Budget bureau really should not be a Treasury bureau, since it operates directly under the President. . . . The effectiveness of the Budget machinery depends upon its independence of departments and its complete dependence upon the President."⁸

Some years later he was to argue with the British Prime Minister and the Chancellor of the Exchequer that real executive control could not be based on voluntary cooperation among equal departments. He had no sympathy with the assumption that the use of execu-

tive authority might discourage wholehearted cooperation. As he wrote in London in 1931:

You have here a general system of supervision of routine business functioning, admittedly one of voluntary cooperation. In my judgment you should have a system of control involving power to coerce cooperation when necessary. The fact that, if necessary, you can secure cooperation by coercion does not mean that under such a system you will not have cooperation without coercion. It means indeed that you will have more and better voluntary cooperation because the knowledge that the power of coercion exists creates in the minds of the members of a loyal organization an added sense of the importance of its objectives, and stimulates their search for opportunities for voluntary cooperation.⁹

With his interests in administrative and international affairs, General Dawes was already in 1929 in the business that we now call "Point Four." He served as chairman of the Dominican Economic Commission which helped the President and Congress of the Dominican Republic install a new system of budget and finance, and he was always very proud of the fact that that system was enacted into law.

During the next two years as Ambassador to Great Britain, he kept comparing the ideas that he had developed as budget director with the administrative practices of the British government. As he did so, he developed a close friendship with Sir Josiah Stamp, who had left the civil service to become head of the largest British railway, and with Sir Warren Fisher, the permanent Secretary of the Treasury. Their discussions led General Dawes to propose a system for management improvement in the British government. He was aware that the Cabinet system did not operate entirely in favor of coordination, and that the constitutional doctrine of ministerial responsibility would be put up as an argument against his proposal for a more effective central management staff.

Sir Warren Fisher, of course, had already done much to strengthen the administrative control of the Treasury over the other departments. While he was explaining to the Royal Commission on the Civil Service (the Tomlin Commission) the steps he had taken to break down the feeling of departmental independ-

⁵ *Ibid.*, p. 20.

⁶ *Ibid.*, p. 21.

⁷ *Ibid.*, pp. 9-10.

⁸ *Ibid.*, p. 63.

⁹ Charles G. Dawes, *Journal as Ambassador to Great Britain* (The Macmillan Company, 1939), p. 296.

ence in the civil service and to create a "continuous, understanding and informal" type of "co-operation between the permanent heads," Dawes and Sir Josiah Stamp supported a further extension of his ideas. They argued that the British Treasury, as a central executive agent, could undertake to study systematically the machinery of government and the management of the administration as a whole.

As a result, the Tomlin Commission Report included the following paragraphs.

594. One witness suggested to us that provision should be made for a small section of highly trained staff whose duties should comprise independent criticism and co-ordination of the machinery of government. . . . This suggestion was based upon a scheme in operation in the United States of America where a small section of public servants is engaged upon these duties under the immediate control of the President.

595. We think that provision should be made for the continuous overhaul of the machinery of Government by a small specially trained staff recruited from the Service generally, and we recommend that steps should be taken with this end in view. We recommend that this staff should be borne on the Treasury Vote. . . .¹⁰

This recommendation was a forecast of the work of the Organization and Methods staff of the Treasury Department, which was finally set up after the outbreak of World War II.

In the United States, while General Dawes insisted that the coordinating machinery depended on executive delegation, he did not believe that there was anything inconsistent in its working also for the Congress. Its effectiveness in this role, he thought, would be "in proportion as its work is in accord with the principles of common sense and correct business"—his terms for impartial administration. "By a proper functioning the Budget bureau in time should create such a feeling of confidence in its effectiveness as to make it continually of greater assistance to Congress in their consideration of appropriations."¹¹

At the same time he was a strong defender of the Executive's constitutional independence and a strong opponent of investigations conducted for partisan motives. It was congress-

men of his own party, seeking to discredit the war administration of President Wilson, whom he attacked with his famous "Hell 'n' Maria" outburst. And in 1930 he supported President Hoover in refusing to give to the Senate the confidential correspondence that, as Ambassador in London, he had with the Department of State regarding the London Naval Treaty. He entered in his diary, apparently with some amusement, the comment by Wilmott Lewis of the *London Times* that the senators who were demanding the secret documents were glad when the President refused them; the senators were convinced that the documents would not help them and preferred to be left free to make political capital of the issue.

As budget director, Dawes recalled how in dealing with the allied armies and governments under Pershing he "met those terrible obstacles which the vanity and selfishness of individuals and the pride of nations interpose to successful inter-allied co-operation."¹²

He was to meet the same obstacles later as Ambassador to the Court of St. James, especially during the London Naval Conference, which was called to consider a limitation of naval armament. In such affairs his sympathies were entirely with the responsible politicians, because of his observation of the disagreements of experts of any kind with each other, "each swearing devotion to infallible principle." For this reason he insisted that political representatives of different countries had to consult with each other without their naval experts being present, and especially had to prevent the naval experts themselves from conferring with each other. By keeping the two sets of naval experts apart, he said, "we deprived each of them of any opportunity to escape full responsibility to their respective chiefs by blaming the other for a failure to agree."¹³

It is hard to know whether General Dawes quarreled with naval officers because of his distrust of experts, or because he had been an old Army man. (The same might perhaps be said of his friend and associate, Henry L. Stimson.) As director of the budget he fought with high naval officers, insisting that the President of the United States, and not the admirals, was

¹⁰ *Royal Commission in the Civil Service, 1929-31, Report*, Cmd. 3909 (H.M. Stationery Office, 1931), p. 172.

¹¹ *The First Year of the Budget*, pp. 117-18.

¹² *Ibid.*, p. 22.

¹³ *Journal as Ambassador*, p. 69.

responsible for the defense of the United States. A decade later he argued with the Naval Board (then a committee of admirals which in some respects headed the Navy) during the preparations for the London Naval Conference. He and Stimson (then Secretary of State) were convinced that the Naval Board members were using technical arguments to prevent reduction in naval strength only as a camouflage, out of a sincere belief that they were "protecting properly the interests of their country." This led Dawes into a diatribe against professional pretensions, especially when expressed by any collective military agency:

The duty of framing the policy of the United States for the protection of its people and their interests belongs to the President of the United States who is also Commander-in-Chief of the Navy. This duty is not delegated to the Naval Board by the people or by our Constitution or laws. . . .

The Naval Board not only has no such power but it was organized in its beginnings with no such purpose. It should be abolished or at once reorganized. It is simply an advisory committee. Moreover, the advice of naval officers, taken separately, is more valuable than that of a committee. More officers could be consulted and wider information thereby secured without involving the risk of having a cabal which foments insubordination.

In a great struggle requiring executive leadership, the appointment of an advisory committee is often the last, hopeless and disastrous resort of executive incompetence.¹⁴

Dawes was willing to use boards, too, but he insisted on boards of a particular type. He set up a great many coordinating boards when he was budget director, but he insisted that they were not boards according to the common use of that word.

. . . They do not act as boards, either by majority vote or otherwise. They have no personnel. Authority lies only in the Chief Co-ordinator, who presides over them, acting under Executive authority. His power lies through orders of co-ordination alone, and from his orders there is always preserved the right of appeal of the head of a department or establishment to the Chief Executive himself.¹⁵

This coordinating system, by all accounts, tended to run down after Dawes was no longer present to give it his powerful support. It was

finally abolished by President Roosevelt. General Dawes never forgave him for it; year after year he complained to budget director after budget director that a powerful instrument of efficiency had been destroyed.

This was not a matter of political prejudice, for Dawes did not allow his political views to keep him from supporting administrative steps that he approved. He was strongly for the recommendations of the President's Committee on Administrative Management—especially the controversial recommendation to take the control of the accounting away from the comptroller general. He approved the creation of the Executive Office of the President in 1939, the transfer of the Budget Bureau to it, and the creation of the Administrative Management Division within the Budget Bureau. And he kept up a personal acquaintance with each of the budget directors who succeeded to his old position—no one of them failed to visit him in Chicago, and to get from him a combination of warm sympathy on administrative problems and stern advice regarding the fiscal policy of the government.

With all his genuine sympathy for the new developments in administration, he would never admit that staff work on administrative management, or the reforms recommended by the Brownlow Committee or the Hoover Commission, could take the place of his old coordinating system. He held unshaken to his belief that real managerial coordination could not be accomplished extensively either by outside advice or by the staff of the Chief Executive alone.

After the Congress determines policies, Dawes insisted, the President has the right to make use of personnel from all executive departments in the most efficient manner possible. He acted on the theory that the President could, by Executive order, assign officials from any executive department to serve in the central coordinating machinery for as long as he needed them, and that during such a period they were as fully obligated as members of the President's own staff to serve his central purposes.¹⁶

He disagreed strongly with those who told him that employees of the operating depart-

¹⁴ *Ibid.*, p. 96.

¹⁵ *The First Year of the Budget*, p. 174.

¹⁶ *Ibid.*, pp. 175-76.

ments would not serve loyally as members of the central coordinating machinery. In some ways he was, for a conservative businessman, an admirer of government personnel: "There is no finer body of business men in this country than these underpaid men of talent . . . who find in their public service a satisfaction which private employment cannot give."¹⁷

Dawes may have been optimistic about government personnel and their use on coordinating committees, but with respect to the highest of the committees—the Cabinet—he was quite clear in his theory of the conditions under which it would work. He carried his theory to the length of refusing, as Vice President, to accept President Coolidge's invitation that he sit as a member of the Cabinet. Nearly a quarter century later, when the Hoover Commission was considering the role of the Vice President in relation to the Cabinet and the National Security Council, General Dawes took me to his office, rummaged in his own personal files which he apparently kept in order himself, and dug out the answer that he had given to Coolidge. It included this passage:

The Cabinet and those who sit with it should always do so at the discretion and inclination of the President. Our Constitution so intended it. The relationship is a confidential one, and the selection of a confidant belongs to him who would be injured by the abuse of confidence, however unintentional. No precedent should be established which creates a different and arbitrary method of selection. Should I sit in the Cabinet meetings, the precedent would be fixed, and in the future this precedent might

prove injurious to the country. With it fixed, some future President might face the embarrassing alternative of inviting one whom he regarded as unsuitable into his private conferences or affronting him in the public eye by denying him what had come to be generally considered as his right.

General Dawes always insisted that the managerial staff to the President had to be completely nonpolitical—they were only workers in the stokehold who had nothing to do with the steering of the ship of state. Nevertheless, he did not base this theory on the idea that politics and administration were separate from each other. Indeed, he based it on a very clear theory that only a nonpolitical staff could do a good managerial job for a political chief executive, and that the best way to let the technicians (whether budget officers or diplomats or generals) make their most useful professional contribution was to keep them thoroughly subordinated to political authority.

With this view, he was not at all sure that the elaborate development of coordinating committees, in both the military and civilian agencies of the government, represented a net gain. In discussing the matter with him, I was inclined to suggest that problems were more complicated these days and had to be dealt with by more complicated machinery. But he would come back persistently, banging his fist on his desk, doubtless in his old manner, and say something to the effect that: "But while you tinker with all these gadgets you don't do anything to provide for the clear exercise of responsible executive authority."

I have been wondering about this ever since.

¹⁷ *Ibid.*, p. 174.

The British Civil Servant of Tomorrow

By ARTHUR H. M. HILLIS

*Formerly Secretary and Commissioner
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I
THE title of this paper may appear presumptuous, and I must disclaim at the outset any gifts of prophecy, or any particular degree of detachment in viewing the service to which I belong. As a career member of the British civil service my outlook is bound to be colored by professional as well as national habits of mind, for which I can only ask your tolerance. But it happens that during the immediate postwar period I had the privilege of taking part in the program of recruitment to fill the gaps caused by the suspension of recruitment during the years 1939 to 1945; and an American audience may possibly be interested in an attempt at a "profile" of the young men and women who entered the British service during that period, and who may be expected to provide a high proportion of the leaders of the service in the next generation.

I shall confine this review to the top career class in the British service—the administrative class. In the space available I could not hope to deal adequately with the service as a whole. And while the postwar service is in a sense a microcosm of postwar Britain, and the scientists, lawyers, engineers, and other professional classes do not differ in essence from their counterparts outside the service, the administrative class, in its training, experience, and outlook, is one of the distinctive features of the British service. Moreover, although it is numerically a small proportion of the whole, the influence

of this class on the character of the service is pervasive and important.

The traditional British policy in recruitment to the civil service in general, and to the administrative class in particular, is well enough known to make it unnecessary to elaborate in detail. Briefly, the cardinal points are: recruitment at an early age with a view to a life career; a close link between the various levels of entrance and those of the educational system of the country; an emphasis on a general, rather than a specific, education as a preparation for an official career; an examination system which follows, and does not seek to influence unduly, the general school and university curriculums; and finally, and as a corollary to the foregoing, a desire that candidates who have tried and failed for the civil service should not thereby be at a disadvantage in their studies for other professions.

It is interesting to note the consistency with which these principles have been followed in the period—now nearly a century—since the establishment of the Civil Service Commission marked the transition from the age of patronage to the age of the merit system. They were stated, with characteristic clearness and assurance, by Lord Macaulay in his report (1854) on recruitment to the Indian Civil Service, and his remarks may with equal aptitude be applied to the home civil service. Macaulay observed that "it is important that no candidate who might fail should, to whatever calling he might betake himself, have any reason to regret the time and labor which he had spent in preparing himself to be examined. . . ." And again: "An excellent general education, such as might enlarge and strengthen his understanding, should precede the special education

NOTE: This article was developed from a talk given at a round table session on comparative government at the annual meeting of the American Political Science Association, December 29, 1950. The author has drawn to some extent on official material but the views expressed are his own and not necessarily those of the British civil service commissioners.

which must qualify him to despatch the business of his (post)."¹

Sixty years later, toward the end of World War I, we find similar language used by a committee (under the chairmanship of the then first civil service commissioner and including in its membership several distinguished educationists) which had been appointed to consider what changes were called for in the existing scheme of examination for the administrative class. In the course of their report the committee expressed themselves as follows:

... we agreed . . . that the examination should continue to be a test of general rather than specialised ability and education, and that it should be a means of selecting under the existing scheme of National Education those candidates who have used the best talents to the best advantage under that scheme. We consider that the best qualification for a civil servant is good natural capacity trained by a rational and consistent education from childhood to maturity. . . . We do not wish candidates to adapt their education to the examination; on the contrary, the examination should be adapted to the chief forms of general education. We consider it highly important that candidates who sit for this competition and are not successful should be as well qualified, at least for other non-technical professions as if they had never thought of it.²

You may think that this continuity of policy is evidence of the soundness of the original conception; or you may think it shows that the commissioners, like the Bourbons, had learned nothing and forgotten nothing. I will not conceal my own preference for the former hypothesis. But while the fundamental policy remained unaltered, the extension of knowledge during the nineteenth century was continuously adding to the range of university studies, and the scope of the examination necessarily took account of these changes.

At the present moment the normal academic examination for the administrative class—usually referred to by us as Method I—comprises, in addition to certain compulsory subjects, a list of over seventy optional subjects

from which candidates may select, up to a prescribed number of marks, those which they have covered in the course of their university studies. The compulsory subjects carry 300 marks and the optional subjects 700; a further 300 are allotted to an interview before the commissioners' board in London, and the candidate's place in the examination is determined by the aggregate of his marks. This is the historical examination for the British administrative class, built on the principles enunciated by Macaulay, intimately linked with British university education, and approved by the experience of almost a century. It is the method by which we still select the majority of our administrative recruits.

But when recruitment was resumed after the close of World War II, conditions imposed a new approach. Since the last prewar examination six years had elapsed, during which the young men and women who should have been coming forward annually had been taken from their studies for service in the armed forces, civil defense, wartime governmental work, or essential civilian employment. In these circumstances an exacting written academic examination was out of the question; at the same time the commissioners were concerned to see that the intellectual standards of the class were not drastically lowered, with a consequent lowering of the quality of the service for another generation. These questions had engaged our attention from about 1941 onward. From another angle the whole question of postwar recruitment to the service generally had been referred by the Government to a committee of the National Whitley Council (of which the first civil service commissioner was a member).

The committee's report,³ which was presented to Parliament in 1944, recommended among other things a scheme of recruitment to the administrative class in the postwar period which closely followed certain proposals which the commissioners had earlier put forward. In essence, this scheme provided for (a) the prescribing, as a condition of competing, of certain minimum educational standards; (b) a

¹ Report on the Indian Civil Service Examination, House of Commons Paper of January 29, 1855.

² Report of the Committee Appointed by the Lords' Commissioner of His Majesty's Treasury, Cmd. 8657 (H.M. Stationery Office, 1917).

³ Recruitment to Established Posts in the Civil Service during the Reconstruction Period; Statement of Government Policy and Civil Service National Whitley Council Report, Cmd. 6567 (H.M. Stationery Office, 1944).

qualifying written examination of a kind that did not require special preparation; (c) a series of tests of personal qualities based on the experience of the War Office selection boards in selecting candidates for wartime commissions in the British Army, but with considerable adaptation to civil service requirements; and (d) an interview before the Final Selection Board in London, whose verdict—arrived at after a review of the whole evidence, including the reports on the candidate's performance in the earlier tests—determined finally the candidate's success or failure.

As a part of these arrangements the commissioners decided, in the spring of 1945, to set up the Civil Service Selection Board (generally referred to as CISSB). The function of CISSB has been described as that of an extended interview, at which the candidate is required to take part, together with a group of his fellow competitors, in a number of tests and exercises, extending over several days, in which he could be tested and observed not only as an individual but also as a member of a group. The role of CISSB from the outset was advisory only; it had no power of final acceptance or rejection, but was required to furnish the Final Selection Board with a comprehensive report on each candidate, together with a rating and a recommendation for acceptance or rejection, the final decision remaining the responsibility of the Final Selection Board.

From the end of 1945 until the spring of 1950 a series of examinations (generally referred to by us as "reconstruction competitions") were held, under the scheme I have described, to fill the vacancies which had accrued during the war years and to give an opportunity of entrance to the service to those men and women who had been deprived of their normal opportunities of competing as a result of the wartime cessation of permanent recruitment (an extension of the normal age limits being made in their favor).

I may at this stage anticipate events to mention that when "normal" annual competitions were resumed in 1948 it was agreed that, for an experimental period, a proportion of the annual vacancies should be filled by an examination on "reconstruction" lines (including the CISSB tests)—usually referred to as Method II. The majority of "normal" vacancies, how-

ever, are filled by Method I, the traditional prewar type of academic examination.

As I am not primarily concerned here with a discussion of selection techniques, I will say no more about the CISSB tests themselves, except to emphasize that the commissioners throughout were trying to assess not only the intellectual and personal qualities of the candidate and his fitness for the immediate duties of the grade, but also his capacity for further development and the likelihood that he would in due course rise to the top, or near the top, of the official hierarchy.⁴ (In the language of the wine merchant's catalog, the commissioners were not buying for immediate consumption, but laying down a stock which would mature, with time and careful treatment, into a ripe vintage.) If the commissioners had specifically formulated, as they did not, a list of the qualities to be desired in the ideal candidate, it would perhaps have included high mental ability; practical and businesslike competence; constructive imagination; powers of expression, in speech and writing; integrity and intellectual honesty; ability to get on with people; vitality and enthusiasm; adaptability to new situations; and a sense of responsibility and public service. Such a list is not exhaustive, and the commissioners did not attempt to evaluate any such qualities on a numerical basis; the verdict was a broad general one, the criterion in each case being: "Is this a man (or woman) who in ten years, or fifteen, will develop into an experienced and competent administrator who will be an asset to the service?"

II

As a result of the special "reconstruction competitions" some 500 young men and women were taken into the administrative class.⁵ The number declared successful was

⁴ A full description has now been published: *Memorandum by the Civil Service Commissioners on the Use of the Civil Service Selection Board in the Reconstruction Competitions* (H.M. Stationery Office, 1951).

⁵ The complete figures of the number of candidates who competed and were declared successful will be found in the *Memorandum* referred to above. A complete analysis would have to take into account the fact that a number of candidates were competing for both the administrative class and the foreign service (senior branch) and those who were successful for both services had of course to elect which to accept. My figures are,

somewhat higher, a number of successful candidates having declined appointment for a variety of reasons. In attempting an analysis of the successful candidates I have taken as a basis the particulars available to me at the time of writing of 491 men and 86 women who had been declared successful and who may reasonably be taken as representing the postwar entry. A high percentage of the men (400 out of 491, or 81 per cent) were war veterans,⁶ and 347 of them had achieved commissioned rank. Some 82 per cent of the successful came from three universities—Oxford (234), Cambridge (154), and London (87). These figures may suggest that the examination unduly favored candidates from these universities, but I do not think that that is so, for reasons which it would take too much space to elaborate here. I may mention, however, that in the normal open competition of 1939 Oxford and Cambridge produced 90 per cent of the successful candidates, as compared with 67 per cent in the reconstruction examinations,⁷ that the proportion of successes from these universities did not depart unduly from the proportion of candidates contributed by them, and that Oxford and Cambridge have been traditionally associated with the administrative competition so that the potential candidate is likely to be attracted to one or the other.

An inspection of the academic records of the successful candidates discloses a reasonably wide spread among the main degree courses, but it is perhaps possible to draw some conclusions from the relative frequencies. One fact that emerges, for instance, is that the classicists have lost ground to the historians; the historians now lead the field with 122 successful candidates (some 21 per cent of the whole), and the classicists with 93 successes (16 per cent) have fallen to second place. After these come the Oxford school of "Modern Greats" (philosophy, politics, and economics) with 72 successes

or 15 per cent, nearly one-third of the Oxford entry; followed by "economics and commerce" (69 successes or 12 per cent), a heading which included political science, sociology, and related subjects where these subjects were included (as in the University of London) in the faculty or department of economics. The other principal subjects studied included modern languages, 39; English, 34; mathematics, 30; law, 24; and science and "other technical subjects," 29.

On the whole, then, the traditional studies of the humanities, history, and the modern languages make a good showing, and incidentally some support may be drawn for the views of those English educationists who hold that history has taken the place of the Greek and Roman classics as the best basis, in the twentieth century, of a wide and humane general culture. At the same time, those who maintain, in England and the United States, that a grounding in the social sciences is an essential preparation for a career in the public service may be reassured by the fact that these subjects (if we include the Oxford "Modern Greats") were taken by about one in four of successful candidates. I am not here attempting to decide between these views, but only to present an objective picture; but I may record the fact that at the last prewar "normal" competition, in 1939, of the 67 successful candidates 23 had studied classics and 16 history, as against 4 who took "Modern Greats" and 3 who took economics. There is evidence here of a trend away from the older disciplines in the direction of the social sciences; but too much must not be read into the figures for a period which was in many respects abnormal.

The question does arise, however, whether the nature of the CISSB tests tends to favor those whose studies have lain in the field of contemporary problems. My own view is that the high-quality candidate who has cultivated an alert and intelligent interest in the world around him will make his mark at the CISSB tests and before the interview board no matter what course of study he has followed, and that there is nothing in the tests which calls for a specialized knowledge not possessed by the intelligent reader of the daily press and the reviews. Possibly the pure mathematician, and to some extent the scientist, will find himself less

however, I think sufficiently close to the final figures to serve for purposes of illustration.

⁶ There was no preferential "points" system for individual veterans; but ex-service men were guaranteed a substantial quota (75 per cent) of the vacancies, provided that so many reached a satisfactory standard.

⁷ See *Report of His Majesty's Civil Service Commissioners for the Period 21st January, 1941 to 31st March, 1949* (H.M. Stationery Office, 1950), Appendix B, Table VI.

at home in the rather highly verbalized atmosphere of the CISSB discussions. But the qualities of the good CISSB candidate—high-grade intelligence, reasoning power, alertness of mind, and incisiveness of expression—are qualities which distinguish the front-rank man in the sciences at least as much as in other fields; only, as the able science graduate is naturally likely to be drawn to research or teaching rather than to administration, there is really not sufficient evidence on which to form a reliable judgment either way.

The question of the social background of the successful candidates is a much more delicate and elusive one, and yet it is not possible to leave it out of consideration, if only because some friendly critics of the British service, while conceding it certain merits, have taken the view that the structure of the service is so closely bound up with the English class structure that there is little to be learned from it by countries with a more equalitarian basis of society. I think myself that this view is based on several misconceptions, including perhaps an imperfect analogy between the concept of an administrative class and that of a "ruling class" in the ordinary sense of the phrase. No doubt the British civil service, like so many British institutions, has inherited a few of the traditions of the aristocratic eighteenth century; but in its present form it is rather a middle-class creation, deriving from the political enfranchisement of the middle classes under the Reform Act of 1832 and from the ideas of middle-class reformers like Bentham and the Mills. Historically, its development runs parallel with the great reforms of English education in the last century, beginning with the foundation, or rather the re-foundation, of the English "public school" system under men like Arnold of Rugby, and proceeding through the reforming commissions at Oxford and Cambridge in the 1850's to the Education Act of 1870 which made elementary education free and compulsory for all.

Nothing is so difficult to define as a social atmosphere, and in this field generalizations are more than usually unsafe, and analogies between English and American institutions even more misleading than such analogies generally are. It may illustrate the point, however, if I mention that some 75 per cent of the candi-

dates, as far as our records go, had financial assistance of some sort from public funds in completing their education (such as state, local, and other scholarships) and that less than half the men (48.3 per cent) had attended "public schools" in the widest English connotation of that elusive phrase.⁸ Quite apart from the element of promotion from below, with which I shall deal later, the administrative class of today is certainly not the preserve of any social stratum as far as origins go, though there is a considerable homogeneity in educational standards and intellectual outlook.

The question of the validation of the results of the reconstruction examinations is an interesting one, which would provide material for a separate paper. I shall touch on it here only briefly, partly because it involves questions of statistical analysis of interest mainly to specialists in that field (in which I can claim no authority), and partly because it is still too early to present any firm conclusions, since the commissioners were selecting with an eye to future development, and the success of the whole experiment can be determined only by experience extending over a number of years.⁹

The commissioners' research staff, with a view to collecting the necessary evidence, have arranged a system of "follow-up" based on the use of a standardized report form by personnel officers of employing departments, on which can be recorded an opinion of the successful candidate's qualities as formed, over given periods, by those who have had direct experience of his work. My own experience, for what it is worth, is that employing departments are in general very well satisfied with the quality of the recruits assigned to them under this system. The proportion of those who have been

⁸ The term "public school" in England means almost exactly what "private school" means in the United States. The English "public school" is not "public" in any ordinary sense of the word. Its income is derived from endowments and fees, not from public moneys, and its governing body is not appointed by public authorities. In the narrowest sense the term properly includes only the five ancient foundations of Eton, Harrow, Winchester, Rugby, and Westminster, but the standard definition includes all those schools (about 150 in number) whose headmasters are admitted to the English Headmasters' Conference.

⁹ P. E. Vernon, "The Validation of Civil Service Selection Board Procedure," *Occupational Psychology* (London) (April, 1950).

judged less than satisfactory at the end of their probationary period is so far only a fraction of 1 per cent. I might add that an analysis made early in 1950 of the successful candidates who had then completed two years of service and for whom reports were available (about 200) showed not only a significant correlation between examination mark and performance, but also indicated that the degree of correlation was higher at the end of two years of service than at the end of one—a gratifying piece of evidence, as far as it goes, that the examiners' prediction of candidates' development was generally sound. But this type of follow-up is a long-term matter, and we shall know better in another ten years whether our hopes have been fulfilled. At the end of that period a decision will have been taken whether to revert to the old method of recruitment for the annual "normal" competitions for the class, or to continue the CISSB method, either in its present form or with modifications, for the whole or a portion of the vacancies.

In order that my picture may not be misleading I shall add a few words on promotions to the administrative class out of the lower grades. At no one time has there been an impassable gulf between the administrative class and the rest of the service, and some very eminent members of the service have come up through the ranks; the Treasury has carefully scrutinized this avenue of promotion, however, in order to ensure that the proper standards are observed throughout the service. During the war, with the rapid expansion of the service, there was a very considerable number of acting promotions to the administrative class, many of which have since been made substantive; and after the war arrangements were made to permit a selection from the ranks of the wartime temporary appointees of those who wished to remain in the service as a career and had shown outstanding administrative qualities.

Since the war a new departure has been made with the institution of annual "limited competitions" open to civil servants in the lower grades, and 20 per cent of annual vacancies in the administrative class have now been earmarked to be filled by this method. Candidates for these competitions, which are conducted by the commissioners, must be specially nominated by the department in which they are

employed, and at both the nomination and the selection stage the standard is a very high one. This is now the only avenue for promotion to the assistant principal grade, the basic recruiting grade of the administrative class, though direct promotion to the higher grades of the class is still possible, with Treasury approval, and in fact is not uncommon.

In these and other ways we have tried to correct any tendency to excessive inbreeding and to maintain the principle of *la carrière ouverte aux talents* which the civil service, like any other large organization, must preserve if ability is not to be wasted or thwarted in its development.

III

PERSONNEL selection is an endless experiment, and I should be the last to claim that the particular experiment I have been describing represents a final solution to a problem as old as human history. The CISSB procedure has this advantage, that it brings the selector into a peculiarly close relation, over a period of several days, with the whole personality and character of the candidates with whom he is concerned. I think that all of us who have been associated with this work would agree that our contact with this group of reconstruction candidates has been an unusually stimulating experience. Older in years than our "normal" candidates, their wartime experience had given most of them experiences and responsibilities which had matured them to a very marked degree; the best of them had qualities of intelligence, balanced judgment, decision, and rapidity of thought which made the examiner's task at once an exacting and a delightful one. There will certainly be no lack of scope for such qualities in the years ahead, and I for one have little fear that the British civil servant of tomorrow will be unequal to the responsibilities that await him.

I conclude this brief sketch with a few general observations.

Policy, in its broad aspects, is the function of the Government and not of the administrator; it is the task of the administrator to translate policy into effective administration. In a paper on the British civil service it would be outside my scope to attempt to trace the devel-

opment of governmental policy in Britain during the last century; but it is I think obvious that the role of the administrator during that period has widened *pari passu* with the extension of the activities of government into fields not contemplated in the prevailing political philosophy of the 1850's.

The most obvious symptom of change is the increase in the sheer volume of work; it is difficult to imagine, for example, a senior official of today combining, as Anthony Trollope did, the career of a successful and prolific novelist with an important administrative post; and one of the most intractable problems for the senior official of today is to keep his mind alert, his interests fresh, and his contacts with the world outside the service unimpaired, when his days are occupied with continual conferences and his nights and week ends with keeping abreast of his paper work.

Again, the ideal of the mid-nineteenth century was that of the general purposes administrator, who could bring his judgment and experience to the solution of any problem without necessarily having to immerse himself in the minutiae of any particular office. The contemporary official has a much more difficult course to steer, between the Scylla of an ineffectual amateurism and the Charybdis of a narrow specialism; more than ever he urgently needs to cultivate the broad outlook, but more and more he finds it necessary, if not to be a technical expert, at any rate to be able to talk to the experts in their own language and to reach an informed and intelligent decision involving a wide range of technical points. I may have stated the antithesis too strongly, and I would agree that at all times in history the outstanding administrator has been distinguished by a grasp of detail as well as by breadth

of vision. My point is that at the present time the pressure of detail is more than ever intense and insistent, and the administrator can no longer (if he ever could) move in a Platonic world of pure ideas, but must immerse himself in the flux of things without allowing himself to be swept off his feet.

To put the point less abstractly, if government is to do certain things (whether it is a question of bulk buying of commodities, running public utilities, or determining the location of new factories) instead of merely acting as an arbitrator and a regulator of the activities of private interests in these fields, the administrator must to a large extent come down into the market-place and assume a positive, energetic, and creative role. Also, the more the operations of government impinge on the life of the ordinary citizen, the more the administrator must cultivate an awareness of what the ordinary citizen thinks and feels. He must take a wider view of the world than can be had by looking out of his office window.

I think I may claim, without presumption, that the British civil servant has a long and honorable tradition behind him. But no institution can live on its past alone, and I think that the younger generation in the service have a keen awareness of the testing tasks ahead of them, and have no desire to rest on the achievements of their predecessors. At the present time, when the problems of Britain and of the United States are so closely interlinked, we have each of us a direct interest in what is being done on the other side of the Atlantic to secure the best brains and capabilities for the service of the state, and I hope that for that reason this survey may be of some interest to American students of personnel selection problems.

The French Civil Service Office

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I
ALTHOUGH the reforms in the public service carried out in France since 1945 have been fairly broad, it is exaggerated to consider them, as has sometimes been done, as an attempt to reconstitute a disintegrating system which was partially responsible for the military defeat of 1940. In reality, although the French service before 1939 was in need of revitalization, the principles that guided it were on the whole sound. France had never known a "spoils system" and the great majority of civil servants were usually recruited on the basis of difficult examinations. They were safeguarded from political discrimination by statutory regulations and had recourse to the Council of State, a high administrative tribunal that may revoke any ministerial decision failing to comply with the law.

Accordingly, the reforms carried out in France since 1945 are not comparable with those instituted in England and in the United States during the second half of the last century. Unlike those reforms in the United States, their objective was not to safeguard the service from interference by political parties; rather it was (1) to improve the existing system by creating uniformity in the recruitment and functions of high state officials and (2) to coordinate the managerial methods employed in the various ministerial departments. The National School of Administration was established to achieve the first of these objectives; the Civil Service Office was created to achieve the second. This article is concerned with the organization, functions, and principal activities of the Civil Service Office.

Two motives lay behind the creation of the

Civil Service Office in the ordinance of October 10, 1945. The first was incidental. This ordinance, and the decrees of October 18, 1945, that put it into effect, were prepared by a temporary commission established for the purpose early in 1945 by General de Gaulle and attached to his Cabinet. The commission was to terminate its activities with the publication of these texts. But certain of them implied reforms that seemed to require the establishment of a special agency charged with carrying them out. No existing agency was exactly suited to this task. It was therefore decided to continue the work of the temporary commission by the establishment of a new office whose principal members would be chosen from the commission itself.¹ The establishment of the office also met an older and more profound need—that of improving coordination among the various state staffs.

Up to 1945, all matters relating to the management of staff—recruitment, promotion, vacations, and disciplinary action—were dealt with by the personnel boards of the various ministerial departments. In principle there was one board for each department; however, in some very large departments there were several. In the drafting and application of their regulations, these twenty boards were subject to the dual control of the Board of the Budget, which intervened in many matters through the exercise of its financial powers, and the Council of State, whose decisions had the effect of law.

¹The head of the temporary commission was M. Debré, *maître des requêtes* of the Council of State, since elected senator in the *Conseil de la République*. His immediate assistants were M. Gregoire, *maître des requêtes* of the Council of State, who was appointed director of the Civil Service Office and continues in that office, and M. Trouvé, *chef de bureau* in the Ministry of Finance, who was appointed deputy director and who still holds that office. The other employees of the office were chosen from the personnel of the various central administrations of the Ministries.

NOTE: This article is an expansion of a paper given at a round table session on Comparative Government at the Annual Meeting of the American Political Science Association in Washington, D.C., December 29, 1950.

This well-knit system proved adequate, on the whole, until after World War I; it then became inadequate to cope with the many new problems that arose.

The Board of the Budget, in exercising control over all the statutory regulations issued by the various personnel boards, confined itself to examining their financial aspects. As the agency charged with balancing the budget, it naturally was not inclined to favor reforms and tended to consider the least costly measures as the best. Moreover, it did not consider itself qualified to examine certain matters such as recruitment, disciplinary action, and ratings. Unlike the British Treasury, the board was thus not in a position to exercise the function of a central personnel agency with general jurisdiction. Finally, the board was directly dependent upon the Minister of Finance who heads a large and active organization that includes, among others, the Bureaus of Taxes and Revenues, Customs, and General Accounts; he could not always effectively oppose the adoption of certain measures that favored exclusively the staff of the financial service. That circumstance was often the cause of unrest and grievances among other state employees.

It was therefore decided to set up another central agency directly under the Prime Minister who, through his political preeminence over other Cabinet Ministers (a preeminence officially sanctioned for the first time in the Constitution of the French Republic of 1946), was in a better position than the Minister of Finance to serve as arbitrator among opposing interests of various state services and at the same time to promote a unified policy free from immediate budgetary concerns. The Civil Service Office does not replace the Board of the Budget; rather, it complements its activities in all areas where finance is not the determining factor. At the present time, the two agencies are working in close cooperation and excellent relationships exist between their respective staffs.

II

THE Civil Service Office performs the following general functions: (1) prepares the texts of all laws and decrees affecting all civil servants as a group (whenever there are financial implications, the office must consult the Board of the Budget; should the two services be unable to

come to an agreement, the question is settled by the Cabinet); (2) classifies positions; (3) supervises and approves the preparation of regulations governing the recruitment and promotion of all civil servants (further details are given below); and (4) is called on for guidance in all questions relating to the improvement of methods of work and organization of the various services.

The Civil Service Office constitutes a technical general staff charged with preparing and seeing to the application of decisions of the Prime Minister or, more often, of the Council of Ministers on general questions concerning personnel management. As a staff agency the office has no operating responsibilities; these are performed by the personnel boards in each Ministry. The office has a small staff of some fifty employees including subordinate personnel. This staff works as a team and is not broken up into permanent specialized subdivisions.

Although the Civil Service Office is under the direct supervision of the Prime Minister, it has been his practice to delegate his powers relative to it to a Minister or Secretary of State who has no other functions. That practice has had very important results and, despite some disadvantages, has proved generally sound. Of course, it means that the civil service director is more dependent upon the Government than are the members of the civil service commissions in Anglo-Saxon countries. He has the status of an ordinary director; he is directly responsible to the Minister and must act in complete accordance with his wishes. As has been indicated, however, it is not in the French tradition to mix administration with party politics, and Ministers respect that principle. Moreover, directors have more stable tenure than Ministers; it is exceptional for Ministers to change the superior officers in their services without very serious reasons. It is also very exceptional in France for a Cabinet change to introduce a completely new trend in government policy. Consequently, the director of civil service, like any other director, can, if he is firm enough, carry out administrative policy free from the influence of party politics.

There are substantial advantages in the fact that a special Minister heads the Civil Service Office and speaks in the name of the Prime

Minister. Many general questions concerning civil servants are brought up and decided in the Cabinet, either because they involve general government policy or because divergences among the administrative concepts of various Ministers have to be resolved in Cabinet meetings. In the Cabinet meetings, the Minister of Civil Service, who has all the necessary information at his disposal and whose position is fortified by the advice of a specialized staff, plays a decisive role which could not be assumed either by the Prime Minister, who is too much absorbed by other questions, or by the director of civil service, who is not a member of the Cabinet.

It was possible to establish the Civil Service Office as a general staff free of operating functions because personnel administration in ministerial departments had been progressively centralized in special offices each under a director responsible directly to the Minister. These offices or boards had long been entirely responsible for all administrative matters and had gradually become strongly organized. Today they continue to organize the examinations for the recruitment of all their departmental personnel (with the exception of those recruited by the National School of Administration) and to determine appointments, promotions, disciplinary actions, and transfers of departmental personnel. In a word, they continue responsible for all decisions affecting the individual situation of all employees under their authority.

One might think that the Civil Service Office could not exercise a direct control over these decisions, yet such is not the case. These decisions must, under penalty of being annulled by the Council of State, conform to a very precise system of regulations established by law or by decrees prepared by the Civil Service Office itself or laid down under its direct control. The general statute for civil servants (law of October 19, 1946) lays down general rules governing nominations, transfers, establishment of promotion lists, disciplinary actions, employee welfare, and vacations. The rules concerning recruitment and careers are set out in greater detail in decrees which apply to each "corps" of civil servants and are known as the special statute of that corps.

What exactly is a corps of civil servants? The

meaning of this term is especially important because the concept on which it is based has no equivalent in American administration. In the United States a civil servant is recruited to a clearly defined task; if he wishes to change his position, he must pass a qualifying examination. In France the view is taken that every civil servant normally fulfills a career, in the course of which he holds a number of different positions of increasing importance which he assumes successively by a process of promotion. These positions and the manner in which they may be assumed are very precisely described in the decrees referred to above. Therefore a corps of civil servants may be defined as all civil servants recruited as a result of the same examination and eligible for promotion to the same series of positions according to the regulations laid down in the special statute applying to them. There are now approximately one thousand such corps in the French service.

Through these special statutes it is possible to establish with great precision the manner not only of recruitment of civil servants to their initial positions but also of their promotion to the various levels of the entire hierarchy. The Civil Service Office plays an essential part in the preparation and revision of these extremely important statutes. The drafts prepared by personnel boards are submitted directly to it, and it discusses them with the Board of the Budget. The texts do not become final until signed by the Minister of Civil Service and the Minister of Finance.

Through the issuance of these decrees, the Civil Service Office and the Board of the Budget can act in all measures governing staff management without intervening in individual appointments. Properly drafted, these decrees make it possible to adopt measures establishing uniform recruiting methods and to equalize the career opportunities of civil servants belonging to the various agencies. At the present time, the Civil Service Office is concentrating its energies on that aspect of the problem. While considerable progress has been made in the general revision of the statutes, the work has not yet been completed.

III

IN ADDITION to its regular duties the Civil Service Office in the period since 1945 has

had an essential part in putting into effect three major reforms which were, in chronological order, the reorganization of the central administrations of the Ministries, the general statute for civil servants, and the general revision of salaries. It has also participated directly in the solution of the post-war problems that have confronted, in practically the same way, all countries that participated in the conflict—the problems of veterans, of wartime temporary employees, and of reductions in force to effect economies.

Since 1945 by a process of evolution the central administrations of the Ministries have become progressively practically identical in structure.² But as each administration organized independently the recruitment of its various employees, it was not always possible to assure that the officers destined to occupy the top positions in the hierarchy had the aptitudes and the knowledge necessary to meet their heavy loads with all desirable competence.

The establishment of the National School of Administration marked the beginning of a reform that took a number of years to execute and that has the following principal characteristics:

1. Adoption of common principles of organization in all central administrations.
2. Division of employees in each central administration according to their level of professional qualification into four groups very like the British classes of employees: (a) administrative class (*les administrateurs civils*), recruited by the National School of Administration; (b) executive class (*les secrétaires d'administration*), recruited through a competitive examination common to all central administrations, who work directly with the administrative class; (c) clerical class (*les adjoints administratifs*); and (d) subordinate personnel (stenographers, typists, etc.).
3. Adoption of general measures permitting employees to advance to a higher class either by competitive examination (for half of the vacancies occurring in the higher class) or by promotion (for 10 percent of the vacancies occurring in the higher class).

² The central administration of a Ministry includes all the services in Paris placed close to the Minister. These services direct and coordinate the activities of the "exterior" services of the Ministry placed in the territorial subdivisions of the state (regions, departments, and *arrondissements*).

The general statute for civil servants of October 19, 1946, is primarily a codification of regulations which have been in effect for a long time in most ministerial departments. But the new act introduced certain changes, by far the most important of which are the recognition of trade union rights for civil servants (rights which had been *legally* denied, although tolerated in practice for a long time) and the introduction of a general system of consulting staff representatives on all administrative matters directly affecting civil servants.

The consulting system includes three kinds of organs: administrative committees, technical committees, and the Supreme Civil Service Council. Half of the members of each of these organs are supervisors and half are staff representatives. In cases of even divisions of opinion the chairman, who is always a supervisor, has the deciding vote. All of these organs operate in a purely advisory capacity. The Supreme Council is attached to the office of the Prime Minister; the administrative and technical committees are responsible to other Ministers or to personnel directors within the various ministerial departments. The administrative committees represent officials of the same class in the same ministerial department, without regard to the specific service to which they belong. The technical committees represent officials of the same service, whatever their class may be.

A Minister must consult with the proper administrative committee before he makes a decision affecting the individual status of any of his subordinates (promotion, transfer, disciplinary action). In cases of promotion, the committees are consulted on the rating of staff members and take part in drawing up the promotion list. In disciplinary cases, no penalty may be imposed against an employee without consultation with the committee, which in such cases is called a disciplinary council. The Minister, however, is not obliged to follow the committee's advice. If in a disciplinary matter the Minister imposes a penalty more or less severe than that proposed by the committee, the committee has the right to appeal to the Supreme Civil Service Council. Legally the Minister is not required to accept the opinion of the Supreme Council, but in practice he always does.

The technical committees are far fewer in

number and have entirely different functions. They deal, not with individual cases, but with questions concerning all the staff attached to a given service or group of services. Such questions include administrative regulations, general organization of the service, and relations between subordinate staff as a group and their supervisors. These committees must be consulted before any important reforms are introduced in services or groups of services under their authority. There is a technical committee attached to each Ministry; the most important services in each Ministry may also have technical committees of their own. Staff representatives on these committees are not elected but are appointed by the Minister upon the suggestion of the largest professional organizations.

The Supreme Civil Service Council is an advisory organ under the Prime Minister himself. Legally, its jurisdiction is confined to general matters. In individual cases it acts only as a board of appeals (such cases average four or five a year); elsewhere it deals largely with questions affecting either the civil service as a whole (such as classification of positions and salaries) or groups of civil servants constituting several ministerial departments.

The Supreme Civil Service Council has twenty-four members. Its chairman is the Minister of Civil Service who casts a deciding vote whenever votes are evenly divided. The Administration is represented by the director of civil service, the director of the budget, and the directors of the most important services. The staff representatives are appointed by Cabinet decree upon the recommendation of the most representative professional organizations.

A general revision of the classification of all government positions was begun in April, 1946, and completed in July, 1948. Two problems were particularly difficult to solve because they were logically separate but in practice inextricably linked. Since 1945 it had become necessary to raise the salaries of all civil servants in order to maintain a balance with the salaries generally paid by private employers; yet no general rate of increase could be established before all the positions had been reclassified on a sound basis. There had been no serious attempt at any such reclassification since 1930, and the character and relative importance of

many positions naturally had changed since that time.

The complex operation of reclassification, which involved a good deal of careful evaluation and recourse on several occasions to the Cabinet itself, will not be described in detail. Two main features distinguished it from earlier like operations. First, the committees described above and the Supreme Civil Service Council played a very important part in the reclassification. With the assistance of these advisory bodies, instances of injustice and causes of conflict which otherwise might have been overlooked were brought to light, and it was also possible to reduce greatly the intervention of Parliament in this field. Second, an effort was made to protect salary levels from the fluctuations of the government's financial policy. As in most countries, general salary raises resulting from the rise in the cost of living had been proportionately greater for the lower than for the upper grades. The result was a leveling of salaries so that the best qualified civil servants were not attracted to the better positions.

To achieve equity in salaries, each class of positions was assigned an index number in the general hierarchy (or rather two numbers, corresponding to the beginning and ending of the employee's career in that class). The lowest index in the general hierarchy was fixed at 100—marking the entrance salary of the least skilled employees such as laborers. The highest index was set at 800—marking the conclusion of the career of the highest level employees such as directors of the most important services of central administrations.

Thus all classes of employment are covered by indexes between 100 and 800, the indexes being correspondingly higher as the level of professional qualifications and the responsibilities of employees carrying on the particular classes of employment are higher. It suffices, therefore, to fix the salary level for the index 100; the salaries for all other indexes are automatically derived from it and the relationships among the salaries of all public employees remain the same.

It should be remembered that in addition to their salaries employees of the French government receive two kinds of compensation—residence compensation designed to meet differences in living costs in different cities and fam-

ily allocations designed to equalize family costs according to number of children. These allowances differ from salaries in that (1) they do not depend on professional qualifications and (2) they do not affect the accumulation of retirement benefits.

IV

THE veterans' problem had two principal aspects. First, it was necessary to reward public employees who had served in the forces and give them administrative positions at least equal, and in some cases superior, to those that their nonservice colleagues had obtained. Second, it was necessary to aid veterans not from the public service who had lost their jobs during the war or who, because they were too young at the time of mobilization, had not received complete professional training.

The problem of veterans had, of course, arisen following World War I, and several actions had been taken to solve it. Those who had been mobilized from the public service received career advantages in the form of seniority bonuses; the time spent in the armed forces was counted not only as though they had not left the public service, but was increased by from 30 to 40 per cent to give them more rapid advancement. Two series of measures were taken in the case of veterans not mobilized from the public service. The first, already utilized after World War I, was to reserve for them in whole or in part a certain number of state employments (chiefly subordinate in nature). The second, which was employed primarily after 1945, was to permit veterans to take examinations especially designed for them and to which only they were admitted, either to obtain their university diplomas or for entrance into the civil service. The basic text covering this matter, the law of June 15, 1945, was published before establishment of the Civil Service Office, but the law has been administered by this office.

Postwar financial difficulties, and the fact that a certain number of public services created during or immediately following the war gradually lost their usefulness as normal administrative patterns were resumed, caused the Government, urged on by public opinion and the Parliament, to consider a reduction in the number of public employees. But the public service was made up of two distinct groups—those who

belonged to the permanent state services (*fonctionnaires titulaires*) and temporary employees recruited to meet short-term needs. It would have seemed normal procedure to make the reductions only in the second group. But, in fact, while proportionately larger reductions were made in the second group, many were also made among the first. Moreover, a number of temporary employees were made permanent employees.

Two factors contributed to this situation. First, in some instances temporary employees proved more able than the titular employees to whom they were attached. Second, and especially in subordinate employments, people called temporary employees were temporary in name only. Many, in effect, had been recruited to new services that had been presented to Parliament as provisional or temporary (Parliament in general being opposed to the extension of state functions) but which had gradually proved their utility and consolidated themselves without venturing to change the precarious status of their employees.

For these reasons, when it was decided to proceed with reductions in force, it was agreed that in each case the professional worth of temporary and titular employees should be compared and the least competent separated, whatever their status. Once this selection had been made, it was decided to settle definitively the problem of temporary employees who were not dismissed by making them titular employees.

The two basic laws covering this matter are the law of September 3, 1947, called the law for the discharge of staff, which sets forth the principles governing separation of employees in services reducing their staffs, and the law of April 3, 1950, which permits the conversion of temporary employees to permanent status.

The law of September 3, 1947, determined (1) the order in which separations should take place (in inverse order to their professional worth but safeguarding the interests of certain war victims who kept priority rights); (2) the scale of indemnities accorded to separated employees. In this regard, titular employees were treated better than temporary employees. If they had completed more than fifteen years of public service, they had the right to an accelerated pension; if they had less than fifteen years, they had the right to an indemnity

calculated on the basis of the number of years of service they had completed. Temporary employees had the right only to the indemnities provided in their employment contracts. The law also provided a whole series of measures to permit the rehiring of separated employees on a basis of priority in state positions that became vacant after their separation.

The number of employees separated after 1947 has reached almost 100,000 or about 10 per cent of the total. It has been possible to re-employ about one-third in other state services in vacancies thus created.

The execution of the law of September 3, 1947, has been about completed. The execution of the law of April 3, 1950, has scarcely begun and raises a number of difficult practical questions, for it is a delicate matter to introduce into the corps of permanent employees, recruited through competitive examinations, employees who doubtless have often had long practical experience, but who have been recruited most often without such examinations. However, preparatory studies have been carried to the point where it is possible to hope that by the end of 1951 temporary employees will have disappeared almost completely from the public service.

V

IN CONCLUSION, it may be said that the principal differences between the Civil Service Office in France and the Civil Service Commission in the United States are the following:

1. Though in the two countries the central

personnel agency is attached to the head of the government, this service in France is directed by a single officer placed directly under the authority of a Minister specially charged with responsibility for the public service and not by a permanent commission. Thus continuity of action may be better assured in the United States but speed of action may be greater in France.

2. The United States Civil Service Commission intervenes often in the management of personnel (organization of recruitment examinations, promotions, disciplinary action), which explains the necessity of having a large staff; in France the Civil Service Office is purely a staff service that acts only indirectly and through the medium of regulations.

3. The role of personnel directors in French Ministries is more important than that of personnel directors in the United States government departments; in France they alone are responsible for the practical management of personnel. But their freedom of action in certain areas is more limited than in the United States because they must conform in their operations to regulations that are much more exact.

From this brief comparison it may be concluded that while a central personnel service appears to be essential to the proper administration of a modern state, its organization and the conditions under which it operates may vary considerably and should be closely adapted to the historic and national background of the particular country.

Advice to the Eager Neophyte

By JAMES A. PERKINS

Carnegie Corporation of New York

and ROBERT E. SESSIONS

Alderson & Sessions, Marketing & Management Counsel

Did you say you were going to Washington? To take a job with the government? Stout fellow! But before you go, relax and listen to the distilled wisdom of those who have been "through the mill." In a few short minutes you can receive, in capsule form, a briefing on the four steps of your development. That you will go through these steps is absolutely inevitable. But, thanks to some profound research you will be able to go through them with your eyes open.

Now are you comfortable? Relaxed? So, we will start with a question. Have you a program of your own, perhaps not spelled out in detail but at least an idea of what you plan to accomplish during your Washington assignment? You do? Splendid! Now, do you believe that you have sufficient savvy to put it across? You do? Excellent! Do you believe that others in Washington have failed because of limited persuasive powers, because they didn't or don't really understand the right way to get things done, or because they have not been able to state their mission with sufficient clarity and precision? You do? Ah, yes.

You are obviously well into stage number one which is called

The Eager Neophyte

THE Eager Neophyte is a man with a mission, who believes that success only requires a rational explanation to essentially rational people, and that he was called none too soon to unravel the tangle or to get the program off dead center or to lend the encouragement of contagious enthusiasm to those who are jaded and frustrated by many small and petty failures.

Why are you blushing? How on earth did I

read your mind so well? Now just wait and see what lies ahead of you. Next week you, the Eager Neophyte, will start your job. First you will be full of enthusiasm, breathing the exhilarating air of a place where things are happening. You will have a variety of conversations with your superior, your colleagues, and your staff, if any. As you go to bed your first night, two impressions will be uppermost in your mind: it is ridiculously easy to see what needs to be done and you are the man to do it. Fresh blood is all that is needed—a new approach, free from the rigmarole of red tape and bureaucratic inertia. With a sense of high resolve, you drift off into a peaceful sleep.

Some eight weeks later your head is once more on the pillow. The same bed, the same pillow, but the frame of mind is hardly recognizable. Anger, frustration, and despair have replaced the high resolve. Your sensible ideas have met with opposition. Your memorandums that so clearly state what needs to be done have had no discernible effect whatsoever. Indeed, as the days have passed, you have become aware of evil influences at work—unreasonable people who push alternative programs that are based on entirely different and erroneous ideas of what is good for the country. And, what is worse, it is these other programs that have secured the attention, and you have rapidly become a voice crying in the wilderness of the Washington bureaucracy.

After a night of fitful sleep you will wake up saying to yourself—what on earth am I getting so excited about! After all, my agency is only one of a great many in Washington, and I am in only one of the six bureaus of this agency. Furthermore, I'm in one of the six divisions of

this bureau and, if the miserable truth must be told, I'm a subunit chief in one section.

O.K., so I'll do my little job as best I can, write my memorandums and reports, and make my recommendations. If my colleagues and superiors don't see the merits of my ideas, it's no skin off my nose. It's just their tough luck for being so stupid.

When you have arrived at this happy state of mind, you have moved into stage two—

The Polyp

THE polyp, you know, is that very small animal that produces a grain of coral as a full day's work. And you, too, will be happy to produce your little grain of coral, neither asking nor caring where your effort fits into the total scheme of things—nor even worrying too much if there is a scheme of things at all.

You look annoyed and unbelieving! Yet I tell you that as sure as day follows night, the Polyp follows the Eager Neophyte. But you are a vigorous young man in the best of health with red blood in your arteries and your quota of blue blood in your veins. I should judge that you will remain a Polyp for about six weeks.

Then one day, quite out of the blue, you will erupt, and violently. The eruption will, in all probability, take place in some committee meeting where you suddenly realize that the discussion has once more reached a dead end. Before you know it, you will be on your feet and the hot words will come pouring forth. You will roast the committee individually and collectively for their petty minds and petty "politicking." You will demand, with appropriate invective, that a decision be reached and promptly. You will follow this up with a blistering memorandum to your superior, and you will say to yourself, "All right, if you have to play rough to get anything done, I was not left wing on the ice hockey team for nothing. If they want to play dirty, so can I." In this frame of mind you deliver yourself of a series of sulphurous letters, you become the terror of committee meetings, you shout and bang the table, and you leak information to the right columnists so that the public can hear of the obstructionism (i.e., the opposition) with which you are faced.

In short, you are well into stage number three—

The Baited Bull

THE frustrations you had nursed to your bosom as a Polyp come surging forward and you have yourself one whale of a time. But the human body and nervous system cannot stand this pace indefinitely. Depending on your metabolism, you will at some point in time begin to slow down. You will run out of lurid language. Your fist will become sore from pounding the table. You discover that you are only shocking the Eager Neophytes and entertaining the Polyps and that your voice is getting rough and rasping from trying to drown out the other Baited Bulls. You are tired out.

But you do not become a Polyp again. Instead, you become detached and objective about it all. You even become objective about yourself, and suddenly one day you will fit the different steps of your evolution into a concept of strategy. You will see the desirability of faith that is the essence of the Eager Neophyte. You will realize that the Polyp contributes the concept of the art of the possible. And you will understand that the Baited Bull has shown the necessity of fighting hard on some carefully selected fronts.

You will try to incorporate the best of each of these stages into a pattern, and when you succeed you will have arrived, my friend, at the last and final stage, that of

The Elder Statesman

NO, you can't go directly there. Sorry, you must actually experience each stage in proper sequence—only then will you attain the proper objectivity and comprehension of the Washington scene. But, make sure that you progress. Some have been known to remain in one stage for the rest of their lives. Eager Neophytes are a dime a dozen, and Washington is full of permanent Polyps. A few have the stamina to be consistently Baited Bulls. But for those who have finally become Elder Statesmen, Washington is their oyster—perhaps it will be yours too.

Administrative Problems of Government Seizure in Labor Disputes

By RICHARD B. JOHNSON

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How should the government cope with strikes in essential industries? Should the government allow the strike to run its course so that it may fulfill its function in the process of collective bargaining? In the emergency period prior to World War II, during the war, and in the postwar reconstruction period, the federal government under constitutional or statutory authority seized nearly sixty industrial plants or facilities because labor disputes interrupted or threatened to interrupt continuity of operation. Several states have also in peacetime seized public utilities where a strike might cripple the community by depriving it of services vital to public health and welfare. This article describes and analyzes federal experience with administrative problems in plant seizures.

Relations with Employers

ALTHOUGH it has been asserted that wide-scale commandeering of plants in World War I was deterred because of difficulties in operating complex industrial enterprises and the fear that executive talent could not be found to replace private management,¹ this problem proved negligible in World War II seizure experiences. The government made no change in management when seizure resulted from union recalcitrance. Most of the executive orders directing seizure specified that the incumbent management should be allowed to continue to function to the maximum extent possible. Even when actions on the part of management were the cause of seizure, it

would be allowed to remain if cooperative with the federal manager.

In the few cases where management failed to cooperate with the government and changes were necessary, only the company president or a few top officers were displaced. In the case of the Air Associates, for example, the government forced the corporation's board of trustees to displace its president as a condition of returning the plant to private control.² The displaced president of the Toledo, Peoria, and Western Railroad asked the Interstate Commerce Commission for permission to borrow money to pay his salary, but the request was denied on the ground that the loan was not "necessary for the operation of the property in the service of the public as a common carrier"; also funds were not available to him to repay the notes.³ So unyielding on the issue of retroactive wage payments was the management of the Twentieth Century Brass Works that the federal manager reduced the salaries of the three officers and later fired one of them.⁴

In industry-wide wartime seizures, the government obtained effective control of the many individual, independent units by appointing the private managers as federal managers (e.g. coal and railroads). In the railroad seizure of 1943, the War Department organized the railroads into regions, commissioned seven railroad presidents as colonels, and placed them in charge of regional headquarters. When the railroads were returned to private hands, the

¹ *The New York Times*, Nov. 19, 1941.

² *Ibid.*, July 26, 1944.

³ Memorandums for the Provost Marshal General, of December 9, 11, and 16, 1944, from Lt. Col. John S. Myers, chief, Emergency Protection Branch.

⁴ "Executive Commandeering of Strike-Bound Plants," 55 *Yale Law Journal* 289 (1941).

colonels became retired Army officers.⁵ Private operators and managers of seized coal mines were enlisted as government employees but were not actually paid by government check.

The reconversion seizures present an almost uniform picture of no management displacement. In fact, that was a criticism of the 1946 railroad seizure by A. F. Whitney, President of the Brotherhood of Railroad Trainmen, who claimed that seizure was only a paper process—that the railroad owners were still the bosses and continued to realize the fruits of operation.⁶ However, when the Fox Coal Company and the Carter Coal Company refused to pay a royalty into the miners' welfare fund, as provided by the Krug-Lewis agreement, the government dismissed the company's president and undertook active operation of the company.⁷

The government-owner relationship arrangements varied, depending upon who was recalcitrant and his degree of cooperation. In one of the first seizures involving management recalcitrance, that of the Federal Shipbuilding and Dry Dock Company, the government indicated that there were several alternatives open. The government could purchase the property outright or it could lease it from the original owner. If purchased, the government could either operate the plant as a government corporation or lease it to a private corporation.⁸ In World War I a national governmental operating corporation had been set up to administer seized properties.

The president of the Federal Shipbuilding Company proposed that the government buy the company capital stock. The government declined this offer, however, and seized the property with no legal transfer of title.⁹ The company remained a corporate entity and the naval officer in charge considered himself a trustee for the corporation as well as a repre-

sentative of the government in the company's operation. Although the government was legally obliged to offer the company a fair compensation for the use of its properties, it was arranged that the government should have complete control of the facility; the private owners received the profits of operation and compensated the government for its management of the property. Neither side revealed the amount of compensation.¹⁰

The S. A. Woods Machine Company seizure, another early seizure (1942) involving management noncompliance, was unique in its government-owner relationship. The company refused to accept a decision of the War Labor Board and sought to lease its plants to the Army, but could not reach an agreement upon a fair compensation. After seizure the Army did not sign a contract with the company's certified bargaining agent because government departments do not enter into collective bargaining agreements with unions. The situation was further complicated by the fact that the company was producing not only for the Army but also for the Navy and for civilian consumption.

These factors led the Army to find a private management to take over the seized company. The Murray Company accepted the job and signed a collective bargaining contract with the union. The details of the contract between the Murray Company and the War Department were not made known but it was believed that any risk (profits or losses) would fall to the government.¹¹ At this time a U.S. District Court issued a condemnation decree for the Woods' properties giving the seizing agency control, but not title, until June 30, 1945. A later legal decision ordered the S. A. Woods' South Boston plant returned to its owners January 25, 1943, and awarded a judgment in favor of the company for the use of buildings, machinery, and equipment.¹²

Although the refusal of the management of the Atlantic Basin Iron Works to accept a WLB order ultimately resulted in seizure, the management was most cooperative with the seizing agency, the War Shipping Administration. An agreement was reached not to restrict

⁵ *The New York Times*, Jan. 20, 1944.

⁶ U.S. Congress, House, Committee on Education and Labor, *Amendments to the National Labor Relations Act*, Hearings, 80th Cong., 1st sess. on H.R. 8, H.R. 725, H.R. 880, H.R. 1095, and H.R. 1096 (U.S. Government Printing Office, 1947) III, 1545 ff.

⁷ *The New York Times*, January 1, 1947.

⁸ "Executive Commandeering of Strike-Bound Plants," *loc. cit.*

⁹ *Business Week*, Aug. 30, 1941, p. 16; see also *The New York Times*, Aug. 26, 1941.

¹⁰ *The New York Times*, Jan. 7, 1942.

¹¹ *Business Week*, Jan. 2, 1943, p. 17 ff.

¹² *The New York Times*, Jan. 26, 1943.

the company in the exercise of customary management functions, and the management passed resolutions authorizing its banks to make company funds available in the government operation.¹³ Upon government relinquishment of the properties, the parties signed a mutual release from claims.

Another early World War II seizure, that of the Toledo, Peoria and Western Railroad Company, involved nonacceptance by management of a WLB decision. This seizure was the longest on record, from March, 1942, to October, 1945. The Executive order for the seizure made no mention of compensation to stockholders. In the three previous seizures, the stockholders had been allowed to receive the profits. The Fifth Amendment to the Constitution provides that private property shall not be taken for public use without just compensation, but the arrangement of allowing the stockholders the profits realized under government seizure had been assumed to be sufficient for settling the claims of the parties. A later Executive order¹⁴ authorized the Office of Defense Transportation to use the net cash earnings in the discharge of lawful obligations during its administration of the T. P. & W. properties, but stipulated that dividend payments were not to be made during federal operation of the road.

Upon seizure, the ODT began keeping a set of books to reflect the company's finances during the period of government operation, a new procedure in the administration of seized properties. The profits earned during seizure were allowed to accumulate until a final settlement was made when the government relinquished control. Under final settlement terms the railroad received the profits earned under government seizure after deducting the federal tax liability during the control period.¹⁵

The federal manager of the T. P. & W. thus characterized the government-ownership relations:

We will serve as sort of trustee or receiver . . . not dispossessing the present management. . . .

¹³ Report of William Radner, general counsel to war shipping administrator, Oct. 2, 1943.

¹⁴ Executive Order 9320, (March 24, 1942).

¹⁵ ODT press release, July 28, 1947.

This is no more of a "seizure" than when a receiver takes over a corporation.¹⁶

Usually in seizures occasioned by labor recalcitrance, and occasionally in cases of management recalcitrance, the government negotiated an operating agreement with management in which the company waived certain operating rights, agreed to finance the operation, and released the government from any claims arising out of seizure.¹⁷

In the coal mine and railroad seizures a modified plan was adopted. Although no government-management operating agreement was consummated, the companies continued normal operations as requested. In the 1943 coal seizure, mining operations continued to be for the account of the private owners.¹⁸ The federal mine manager declared that the government had temporarily taken possession or custody of the mines and would operate them in a manner consistent with the fact that title did not pass to the government.¹⁹ The Department of the Interior claimed to be custodian of the mines with no intention of nationalizing the industry.²⁰

During the mine seizures no separate books were needed so long as all transactions occurring during that period were reflected. At the time of return the individual mine owner could either accept the mine return as fulfilling all claims against the government, or reserve the right to make claim for damage to his property by reason of government control; in case he refused to accept one of these courses the government would continue control until a detailed financial accounting of the control period was made.²¹

In some cases of management uncooperative-ness and in the absence of a government-owner operating agreement, the seizing agency oper-

¹⁶ *The New York Times*, Mar. 23, 1942.

¹⁷ George C. Viethcr, "The Government Seizure Stratum in Labor Disputes," 6 *Public Administration Review* 152 (1946).

¹⁸ U.S. Department of the Interior, *Annual Report of the Secretary of the Interior for the Fiscal Year Ended June 30, 1944* (Postwar Frontiers Edition; U.S. Government Printing Office, 1945), 141.

¹⁹ Secretary Ickes, Bulletin # 2, "Regulation for the Operation of Coal Mines under Government Control," reprinted in 48 *Coal Age* 115 (June, 1943).

²⁰ *The New York Times*, May 4, 1943.

²¹ *Ibid.*, Aug. 4, 1943.

ated the plant or facility for the account of the United States. Government emergency funds were made available to supply working capital for such operation. In the Gaffney case the War Department had expert independent textile appraisers appraise the seized property to determine a fair market value and recommend fair compensation.²²

A variation in government-owner operating agreements was developed when the War Department impounded receipts in the Air Associates seizure and caused financial embarrassment. Company operation was then financed by the government to the extent of 30 per cent of unfilled war contracts.

Government-owner agreements were usually made in seizure cases in the reconversion period. For example, agreements with the meat packing companies proposed

... the operation of the plants and facilities of the company by the company with its own funds for its own account subject to the direction of the Government representative, such agreement containing a complete release of the Government for all claims of any kind or nature that might arise by reason of the Government taking possession of the plants or facilities or the operation thereof under Government possession.²³

Whether seized properties were operated to the account of the private owners or to the account of the United States, the seizing agency needed funds for administrative expenses and/or operating capital because the seizing agency generally had no authority to use funds or receivables attributable to the pre-seizure period without company consent. Passage of the War Labor Disputes Act was interpreted as implying approval of the use of appropriated monies for the operation of seized plants.²⁴ The chief source of funds for the seizing agencies was the President's Emergency Fund and the amount allocated was always ample. The amount initially allocated for the 1943 coal seizure was \$10,000,000; for the meat

packing seizure, \$7,000,000; and for the Great Lakes Towing Company seizure, \$350,000. A large portion of each allocation was returned unused; for example, administrative expenses in the meat packing seizure were only \$7,000.²⁵

In the second Montgomery Ward seizure the operating problems of the War Department were almost insurmountable. The chief difficulty arose because only a small proportion of the retail stores and mail order houses were involved in labor disputes and were seized. Company regional warehouses served both seized and company-operated stores. If a government-seized warehouse filled an order placed by a company-operated store, the Army and the company had to do business with one another. The Army soon relinquished both the Chicago warehouse and mail order house, the central purchasing and distributing agencies for the retail units. Since the company, controlling most of the retail outlets, received the money from sales, there was large outgo and little income for the Army, which spent \$1,200,000 more than it took in. This sum represented inventory purchased for which Montgomery Ward made reimbursement after deducting damages of \$480,680 by reason of Army occupancy.²⁶

A federal-state problem arose only when seized facilities were operated for the account of the United States, as happened in the case of a number of midwestern trucking companies. Seven midwestern states were aroused because the United States refused to pay certain "use" taxes levied by the states. The Office of Defense Transportation, operating these firms, was unable to show a profit; it indicated that perhaps it would pay the state levies if the operation of the truck lines showed a profit. Dissatisfied with this response, the states secured the adoption of an appropriation rider stipulating payment of all state levies on private truck lines seized.²⁷ Not only did the states object to loss of taxes; competing firms

²² Report of Government Representative Gayle G. Armstrong . . . 12ff.

²³ The New York Times, Oct. 19, 1945.

²⁴ Business Week, Feb. 24, 1945, 43, 45; see also Report of the Federal Manager of Motor Carrier Transportation Systems and Properties to the Director of O.D.T., Concerning Possession, Control or Arrangement for Operation of Systems and Properties of 103 Midwest Carriers August 11, 1944 to March 5, 1946, 59-61 (no date).

²⁵ Letter, Nov. 30, 1945, from Brigadier General Thomas H. Green, Acting The Judge Advocate General, to the Deputy Commanding General, A.S.F.

²⁶ Report of Government Representative Gayle G. Armstrong on Seizure of Plants and Facilities in the Meat Packing Industry under Executive Order No. 9685, p. 3 (no date).

²⁷ Vietheer, *op. cit.*, 155.

pointed to the unfair competitive advantage of firms not having to pay taxes.

Twenty-one of the fifty wartime seizures were the result of employer noncompliance with WLB decisions. Seizure was used as a last resort after attempts at mediation failed. Executive Order No. 9370, of August 16, 1943, authorized certain enforcement methods short of seizure, such as the withholding by the economic stabilization director of government contracts or priorities. But because economic sanctions would impede the war effort (the reasoning in the Hughes Tool Company case²⁸) and because government legal experts considered that sanctions were not authorized by the War Labor Disputes Act,²⁹ economic sanctions fell into disuse. Thus, seizure was the most effective method of securing compliance in management cases; although it did not always guarantee ultimate acceptance of the WLB order, it at least assured enforcement of the award during the period of government control.

Several seizures were the result of refusal on the part of management to accept the maintenance-of-membership formula that the WLB devised in response to union demands for security. In the Federal Shipbuilding case the Executive order directing Navy seizure noted the company's refusal to accept maintenance of membership as recommended by the National Defense Mediation Board but did not specifically direct enforcement of the recommendation. The Navy declared that it accepted the maintenance-of-membership award; but when the union asked the Navy to discharge eight workers no longer in good standing with the union, the Navy neglected to carry out the recommendation of the NDMB.³⁰

Because of this failure to act and because the union had no contract which the Navy recognized, the union wanted the shipyard returned to the private owners. Since the United States had just declared war, the Navy desired to be freed from the responsibility of operating the shipyard.³¹ Although no satisfactory union

security formula was agreed upon, the Navy relinquished control, believing production would continue uninterrupted because of the no-strike, no-lockout pledge made at the December, 1941, Labor-Management Conference.

In the S. A. Woods case the Executive order directed the seizing agency to enforce the WLB directive on maintenance of membership, the first time union workers were required to be in good standing as a condition of employment in a federally operated plant. In the Atlantic Basin Iron Works seizure, the representative of the War Shipping Administration was able to persuade the company president to sign a maintenance-of-membership contract with the union after he was allowed to insert a clause stating the contract was being signed under protest and reserving his right to ask appropriate authorities for review. Neither the union nor the WLB objected to this insertion.³² But many maintenance-of-membership seizure cases remained unresolved upon relinquishment, indicating there was no effective sanction against an obdurate employer.

Failure of management to carry out wage increases ordered by the WLB was another cause of seizure. Jenkins Brothers claimed inability to pay a retroactive wage increase without a price increase which the OPA declared to be unnecessary, even though the company had earlier offered an increase without price relief. While pleading inability to pay the \$250,000 retroactive award, the company paid a \$400,000 year-end bonus.³³ To halt government operation of the plant the company sought an injunction, claiming irreparable damage as a result of a presidential order directing the retroactive wage payment. A U.S. District Court on April 27, 1944, denied the injunction, saying that the plaintiff had adequate and complete remedy at law in the Court of Claims.

Another injunction suit against a wage increase ordered by the WLB was brought by Employers Group of Motor Freight Carriers, representing 112 midwestern freight transport firms. A U.S. District Court of Appeals decided June 2, 1944, that WLB orders were not

²⁸ *The New York Times*, Sept. 7, 1944.

²⁹ Edwin E. Witte, "Wartime Handling of Labor Disputes," 25 *Harvard Business Review* 171 (Winter, 1947).

³⁰ *The New York Times*, Jan. 7, 1942.

³¹ *Ibid.*, Jan. 2, 1942.

³² Telegram of Sept. 16, 1943 from D. S. Bireley to Admiral E. S. Land.

³³ *War Labor Reports* (Washington, D.C.: The Bureau of National Affairs, Inc., 1942-), XIV, 235.

reviewable and that the seizure power of the President was independent of the board's order.³⁴ On August 11, 1944, the President then ordered the ODT to operate the motor carriers and to comply with the WLB wage increase order; however, the Executive order stipulated that wage increases which had accrued prior to the seizure were to be paid only out of net operating income. An operating order of the ODT permitted, but did not require, the payment of the retroactive wage increase and the union representative made no formal demand for an order requiring retroactive wage payments.³⁵

For the majority of the 103 seized firms the possession was largely of a token nature. Failure to earn profit and continued need for federal funds forced the government to operate eight carriers for the account of the United States from November 1, 1944, to January 31, 1945. During the entire period of seizure \$514,000 was advanced to twenty-eight carriers, of which \$108,243 represented net operating losses.^{36a} While the government helped to revise the chaotic rate structure by seeking a better correlation between particular rates, costs, and movements, the experience shows that a calculated risk of government seizure to enforce a wage award is the possibility of operational losses of marginal firms in a highly competitive industry.

In the Montgomery Ward case, the Executive seizure order directed payment of retroactive wage awards only out of the net operating income. Because the constitutionality of this seizure was challenged the government held the wage award in abeyance. After a favorable circuit court ruling the Army attempted to put the awards into effect, but the Army-controlled properties were unable to earn a profit and the awards could not be paid.³⁶ The Attorney General ruled that it would be improper to pay the retroactive wage

award from appropriated funds such as the President's Emergency Fund.³⁷

In the Montgomery Ward case high personnel turnover caused additional administrative difficulties, since about 70 per cent of the employees entitled to retroactive payments no longer were employed by the company. After nine and one-half months the War Department relinquished control, saying it did not feel further prolonged possession would change the company's disinclination to accept maintenance of membership and the retroactive wage award.³⁸

The Great Lakes Towing Company seizure illustrates a wage award enforcement problem in the reconversion period. The President ordered the facilities to be operated on employment terms in effect at the time of seizure. The ODT then made a contract with the company for continued operation with company funds. As permitted by the War Labor Disputes Act, the union petitioned the National Wage Stabilization Board for a change in the terms of employment and received a wage increase award which the company refused to accept. Therefore the government-management operating agreement was terminated and the government began operating the company with funds advanced by the Bureau of the Budget. To meet the increased wage costs out of operating income the ODT applied for and received from the OPA authorization to impose a 20 per cent rate increase; this increase made it possible for the government to release the properties and return the capital lent by the Bureau of the Budget.³⁹

Relations with Employees

BEFORE seizure of the North American Aviation Company it was planned to recruit workers through the U.S. Civil Service Commission if the strikers did not respond to a back-to-work plea. Collective bargaining was to be allowed at the seized property but strikes were to be forbidden.⁴⁰ This would be in accord with

³⁴ *In re. Employers Group of Motor Freight Carriers, Inc. v. National War Labor Board*, 143 F. (2d) 145 (1944).

³⁵ *Report of the Federal Manager of Motor Carrier Transportation Systems and Properties to the Director of O.D.T. Concerning . . . Midwest Carriers*, August 11, 1944 to March 5, 1946, p. 28 (no date).

^{36a} *Ibid.*, pp. 21, 22, 72.

³⁶ *The New York Times*, Oct. 2, 1945.

³⁷ See fn. 22.

³⁸ Letter to Director of Economic Stabilization, William H. Davis, August 28, 1945.

³⁹ *Report of the Federal Manager of the Properties of the Great Lakes Towing Company to the Director of O.D.T.*, Washington, April 22, 1947.

⁴⁰ *The New York Times*, June 7, 1941.

the normal procedure in government Navy yards, shipyards, and arsenals.

Many complications in employee status developed when seized property was operated with government funds. In the Federal Shipbuilding and Dry Dock seizure, for example, the Navy undertook supervision of the company's employees and paid them by government check. As a result, the workers were declared to be federal employees and therefore not protected by the New Jersey Workmen's Compensation Act but by the Federal Employees Compensation Act. They also lost their coverage under the Social Security Act.⁴¹

Executive orders in the coal and railroad seizures specifically directed recognition of the right of workers to union membership and to collective bargaining with private management. The right of engaging in mutual aid was to be protected, provided activities did not interfere with the operation of the seized facilities.

Only in the coal mine seizures (except the first one in 1943) did the government sign collective bargaining agreements with the employees. These agreements were submitted to the appropriate stabilizing agency for approval; they provided customary procedures for the settlement of grievances. The authority of the government to sign a contract with organized mine foremen and supervisors was upheld when a U.S. District Court refused to grant soft coal operators an injunction on the grounds the plaintiff would suffer irreparable injury.⁴²

New problems arose when private employers subsequently refused to accept government-negotiated collective bargaining agreements—such as the Krug-Lewis agreement in the 1946 coal mine seizure. Another problem was the settling of differences between the government and workers over contract interpretation. After the Krug-Lewis agreement had been in effect approximately five months, the president of the United Mine Workers demanded, on October 21, 1946, that the contract be renegotiated. The government agreed to confer with the union but contended that the basic con-

tract could not be reopened. After fifteen days of conferences, the president of the U.M.W. declared that the contract would be terminated as of November 20.

To prevent a nationwide strike, the United States asked a federal district court for temporary injunctive relief and for a declaratory judgment as to the correct construction of the contract. The court ordered the president of the U.M.W. to rescind his unilateral statement that the Krug-Lewis agreement had expired.⁴³ The mine chieftain was subsequently tried and declared guilty in contempt of this order. In the face of heavy fines levied against the union and its president and the threat of additional fines if the work stoppage continued, the mine president ordered a return to work until April 1, 1947, at wages and conditions existing before the stoppage.

Upon appeal, the U.S. Supreme Court upheld the lower court by denying that the injunction was issued in violation of the Clayton and Norris-LaGuardia acts which divest federal courts of jurisdiction to issue injunctions in specified cases.⁴⁴ The court held that these cases related to private individuals or corporations but not to a sovereign government and that Congress did not intend the Norris-LaGuardia Act to apply to the government as an employer. In this case the government was exercising a sovereign function and retained ultimate control of the mines even though the government employed the private managers and the earnings and liabilities fell to the private owner during seizure.

In the opinion of one labor authority, however, the prohibitions of the Norris-LaGuardia Act did apply to the federal government, on the evidence that Congress defeated an attempt to insert into this act a section allowing the United States injunctive relief in labor dispute cases.⁴⁵ To another writer the sweeping injunction, with its prohibition against union publicity of the facts in the dispute, was an unconstitutional denial of free speech. The en-

⁴¹ *Labor Relations References Manual* (Washington, D.C.: The Bureau of National Affairs, Inc., 1937-), XIX, 2059.

⁴² *Ibid.*, 2346.

⁴³ Charles O. Gregory, "Government by Injunction Again," 14 *University of Chicago Law Review*, 364 ff. (1947).

⁴⁴ "American Economic Mobilization," 55 *Harvard Law Review* 528 ff. (1942).

⁴⁵ *The New York Times*, June 26, 1946.

ture action, he thought, was part of an assault on the labor movement. He also criticized the administration for urging the courts to "flout" anti-injunction acts after it had failed to urge Congress to authorize the use of injunctions at the time of the 1946 railway strike.⁴⁶

Although the court action ended this coal strike, it is ironic from a labor relations point of view that the original question of contract interpretation remained unsettled.

The problem of the discharge of employees at government-seized properties arose in the Philadelphia Transportation Company seizure when four dismissed transit workers sought reinstatement through local court action. The court refused to order reinstatement, saying that it was the President of the United States through his representative, and not the company, who had discharged the workers. This was within the President's power in the absence of evidence showing that the action was unjustified.⁴⁷

Although production continues at seized properties after removal of recalcitrant employees, the removal of recalcitrant workers results in reduced production or work stoppage.⁴⁸ What can be done when strikers at seized properties refuse to return to work? In federal seizures the methods used to meet this problem have included (1) use of troops, (2) withholding of awards, (3) withholding labor union rights, (4) withholding individual worker rights, and (5) legal prosecution.

Troops were first used in the North American Aviation seizure to disperse a picket line and allow willing workers to return. Seizure thus amounted to mere Army policing. While the President deplored the use of troops during a strike as "dangerous" in a democracy, he considered that this case was "not a bona fide labor dispute, but a form of alien sabotage."⁴⁹ Both the A.F.L. and C.I.O. approved this use of troops but reaffirmed the right to strike over "legitimate demands."⁵⁰

Troops were also used in the Philadelphia Transportation Company seizure to afford protection to employees while enforcing a racial anti-discrimination edict. In the May, 1945, Chicago trucking strike the Office of Defense Transportation called for troops to protect drivers willing to work and also to serve as drivers.

There is a twofold difficulty in using troops for other than police duty. First, has the Army the skilled personnel in sufficient supply to take over the strikers' jobs? Second, are there available additional troops to perform the housekeeping functions for the strikebreakers? These problems are particularly important in wartime. Possible immobilization of a large military contingent was a fear of the administration at the time of the coal seizure in 1943.⁵¹

In the postwar period, seizure of the New York tugboat companies failed to bring the strikers back to work. The ODT then had to assemble all available resources (it requisitioned tugs and personnel to man them from the Army, Navy, Coast Guard, and War Shipping Administration) to supply the port with minimum essential tug service.

A second method of obtaining labor compliance was the withholding of awards. Although the strikers at the General Cable Company returned to work upon federal seizure, the government was faced with the problem of getting the workers to agree to all the provisions of the WLB ruling, particularly the denial to workers of a general wage increase, so that the Navy could relinquish control without fear of a recurring strike. Pressure was therefore put on the workers by withholding a night shift bonus awarded by the WLB. This action was effective, particularly since workers at the company's other plant nearby were receiving the bonus.⁵²

A differentiation should be made between sanctions to force compliance with WLB directives and sanctions to induce strikers to return to work at government-seized properties. The War Labor Disputes Act made it a crime to induce or aid a strike at a federally operated plant, but it did not make it a crime to disregard a WLB order. Legislative sanctions

⁴⁶ Richard F. Watt, "The Divine Right of Government by Judiciary," 14 *University of Chicago Law Review*, 410-11, 453-54 (1947).

⁴⁷ *The New York Times*, Dec. 9, 1944.

⁴⁸ U.S. National War Labor Board, *Research and Statistics Report # 14*, "Compliance" (Nov. 1, 1943), p. 12.

⁴⁹ *The New York Times*, Oct. 10, 1941.

⁵⁰ *Ibid.*, July 2, 1941.

⁵¹ *Ibid.*, May 1, 1943.

⁵² *Ibid.*, Aug. 17, 1942.

dealt exclusively with getting men back to work at seized plants; administrative sanctions aimed at getting strikers back to work and at enforcement of WLB orders.

An Executive order issued August 16, 1943, provided for the enforcement of WLB directives by withholding labor union rights and by modifying draft deferments at the discretion of the economic stabilization director. Union rights were withdrawn in the case of the San Francisco machinists who refused to rescind a ban on overtime. In the most thoroughgoing sanctions ever applied to a recalcitrant union, the WLB cancelled portions of the union's contract with the employers. Those cancelled union rights included preferential hiring, vacations which might interfere with efficient production, and all contract provisions relating to action which might require agreement or consent of the union.⁵³ Sanctions in this case were applied against both the union and individual workers. The union finally yielded slightly by agreeing not to discipline members for nonobservance of the union overtime ban. The WLB also applied the sanction of contract revocation against a union involved in a persistent jurisdictional dispute at the United Engineering Company.⁵⁴

Modification of draft deferments may be classed in the general category of the withdrawal of the rights of individual strikers. Except for a few isolated cases of change in draft classification this sanction was of little value. For one reason, it was unfair since not all strikers were subject to induction. At one time President Roosevelt was reported to entertain the idea of seeking congressional authority to raise the draft age limit from forty-five to sixty-five so that strikers could be pressed into noncombat military service.⁵⁵ There were additional objections from the local draft board in the Goodyear case. When asked to reclassify strikers, the chairman of the local draft board declared:

It means placing in our hands a responsibility of another Government agency charged with solving

labor's problems, and which has adequate facilities at its disposal for the settlement of strikes.

Our community is torn asunder with the responsibility of neighbor being arraigned against neighbor. We should not be forced to become a strike-breaking agency.⁵⁶

Finally, there were the sanctions provided by section 6 of the War Labor Disputes Act which provided fines and imprisonment for those who induced or aided a work stoppage at government-seized mines, plants, or facilities. While it seemed reasonable to seize a plant in case of employer recalcitrance, the wisdom of seizing a plant in the case of employee recalcitrance was widely questioned. In the words of William H. Davis, chairman of the National War Labor Board:

When the War Labor Disputes Act was in Congress it was proposed to make it a crime by concerted actions to oppose or interfere with the orders of the Board. This would have made it a crime for a private citizen to interfere, without violence, with the business of a private employer. Therefore, the reasoning was that the plant must be made a government one before you could make it a crime to interfere with its operations. It must be made a crime against the Government, not against the private employer. . . .

Where the union is at fault the seizure is made in order to make what they are doing a punishable crime.⁵⁷

For instigating and aiding a strike against a government-seized property, thirty Philadelphia Transportation Company employees, including four discharged during Army control, were indicted on charges of violating the War Labor Disputes Act. Fines were finally imposed upon twenty-seven of the strikers, although a "special Federal prosecutor told the court that the government had been unable to ascertain who instructed the P.T.C. employees to begin the strike by reporting sick."⁵⁸ In the course of the proceedings, it was declared that although the property was lawfully seized un-

⁵³ *Ibid.*, July 4, 1945.

⁵⁴ National War Labor Board Order, August 19, 1944, in U.S. National Archives, *Federal Register* (U.S. Government Printing Office, 1936-), LX, 10209-210.

⁵⁵ *War Labor Reports* (Washington, D.C.: The Bureau of National Affairs, Inc., 1942-), XXIII, 678.

⁵⁶ *The New York Times*, June 24, 1943.

⁵⁷ U.S. Congress, House Select Committee to Investigate Seizure of Montgomery Ward and Company, *Investigation of the Seizure of Montgomery Ward and Company*, Hearings, 78th Cong., 2d sess., pursuant to H. Res. 521, May 22-June 8, 1944 (U.S. Government Printing Office, 1944), p. 47.

⁵⁸ *The New York Times*, Mar. 15, 1945.

der the Act of August 29, 1916, and not the War Labor Disputes Act, the sanctions of the latter act against interference with the operation of seized properties applied in the case.⁵⁰

Although the government investigated strikes at seized properties to determine whether there were violations of section 6 of the War Labor Disputes Act, it was difficult to spot violations. The sanction of this section was therefore not used in any substantial dispute. The government realized that putting people in jail could not assure continuity in production; hence in the coal strike of 1946 reliance was put on the injunction weapon to break the strike. Even in these proceedings the criminal contempt charges were dropped at government request on the grounds that pressing the charges would not be conducive to mining coal.

Summary

IN CASES of seizure by the federal government the problem of securing adequate management personnel has been negligible since in most cases private management remained and carried on most of its customary management functions. Government seizure resulted in no transfer of ownership but partook more of a temporary receivership or trusteeship with private owners receiving the profits earned to satisfy their claims for just compensation. Operating agreements usually permitted continued property operation to the account of the private owners, a simpler and more desirable arrangement than operation to the account of the United States which necessitated the use of government funds.

Problems of government operation that were not satisfactorily solved arose (1) when only a small portion of an entire operating company

was seized and (2) when enforcement of a retroactive wage award was attempted.

While WLB orders or awards were enforced during seizure, seizure did not assure ultimate acceptance of an award after government relinquishment if private management remained adamant. This was particularly true of the maintenance-of-membership awards. Retroactive wage awards were extremely hard to enforce during seizure where the government was limited to making such payments from net operating income. Another pitfall to government operation was the risk that the operation might be unprofitable.

In government-employee relationships, the Supreme Court decided that in operating seized properties the government was exercising a sovereign function and should be considered to be the employer regardless of the disposition of profits or the utilization of private management. Although the use of the injunction forced strikers to return to work, there are grave misgivings over the reintroduction of the injunction as a weapon of the federal government. Contract interpretation is an unresolved question when the government is a party to a collective bargaining agreement.

Sanctions, which had both legislative and administrative bases, were used to enforce awards and to get strikers to work for the government. They consisted of the use of troops, the withholding of awards, the withholding of labor union rights, the withholding of individual rights, and the legal prosecution of individual strike leaders. Troops were successful in dispersing picket lines but were not successful in filling strikers' jobs. Concerning legal prosecution, it was found difficult to fix responsibility for strike leadership; also, jail sentences for a few individuals would not assure continuity of production. Other minor sanctions were little used.

⁵⁰ *U.S. v. McMenamin et al.*, 58 F. Supp. 478, 479 (1944).

A Note on the Salary, Allowance, and Leave System of the UN

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A NEW salary, allowance, and leave system for staff members of the United Nations Secretariat became effective on January 1, 1951, as a result of a General Assembly resolution embodying a number of the recommendations made by a committee of three independent experts who assisted the Secretary General in making a comprehensive review of the system.

The Committee of Experts, selected by the Secretary General, was composed of Arthur S. Flemming, president of Ohio Wesleyan University (now serving as assistant to the director of defense mobilization); Roger Gregoire, directeur de la fonction publique, France; and Uno Brunsog of Sweden, a member of the United Nations Board of Auditors, auditor for the International Labor Organization and the World Health Organization, and formerly auditor of the League of Nations. Mr. Flemming, a former member of the United States Civil Service Commission, served as chairman.

The appointment of the Committee of Experts, which submitted its report in October, 1949, afforded the first opportunity for a general review of the system proposed in London in 1946. It took into account the experience of the United Nations in nearly four years of operation, as well as the various criticisms leveled at the system both from external and from internal sources. It is expected that the new scheme will achieve the following significant results: (1) a sound basis for the development of an international career service of the highest caliber, (2) greater flexibility in the assignment of staff, (3) marked simplification in staff administration, and (4) substantial financial economies.

Under the new scheme, the staff of the Secretariat (except the Secretary General and the Assistant Secretaries General) has been organized and classified into three broad categories: (1) the General Service Category, which includes the secretarial staff, machine operators, and other groups of personnel whose posts involve essentially clerical and routine administrative duties; (2) the Professional Category, which comprises in general those posts and individuals whose duties clearly involve a general concern with, and a broad over-all knowledge of, the programs and work of a major department or service or the administrative policies and procedures of the organization as a whole—as interpreters, translators, librarians, personnel officers, information officers, and political, economic, social, legal, and trusteeship affairs officers; and (3) the Principal Officer and Director Category, which comprises the top policy-making and administrative posts in the classified service which staff members might be expected to attain as a result of progressive promotion based on outstanding service in the Secretariat.

Each category has from three to five salary levels and within each level there are a number of salary increments. The General Service Category at the New York headquarters has five levels and the salaries range from \$1,900 for the first step of the entrance level to \$5,400 for the tenth step of the principal level. There are also five levels in the Professional Category, with salaries ranging from \$3,600 for the first step of the assistant officer (or entrance) level to \$11,000 for the ninth step of the senior officer level. The Principal Officer and Director Category has three levels, with salaries ranging from

\$10,000 to \$12,500. All of these salaries are the net rates after application of the United Nations staff assessment (or taxation) plan; reimbursement is made for any income tax which staff members may be required to pay on the net salaries. A cost of living adjustment, established in May, 1946, and formerly paid separately, has been integrated with the regular salary scales.

The normal avenue for advancement for the individual staff member will be within a particular category, but a transfer from one category to another is not precluded if a staff member has the necessary abilities and qualifications. One-step salary increases within a level will be granted annually to staff members whose services have been satisfactory, except in the top levels, where a two-year period is provided. A staff member may be promoted from one level to another when a vacancy occurs in the higher level.

Posts classified in the General Service Category are those which are, to a large extent, subject to local recruitment, and the salary scales are fixed normally on the basis of the best prevailing conditions of employment in the locality of the United Nations office concerned. Staff members in the other categories are internationally recruited and their salaries may be subject to plus or minus differentials at duty stations away from headquarters.

The Committee of Experts felt that under the old salary system, with its multiplicity of categories and grades, the fate of a staff member was too closely bound up with his post. Classification and grading of posts was made on the basis of the precise job to be done, leading to excessive specialization of posts and, in consequence, of staff members themselves. The system appeared to the committee to have been initially conceived in terms of the conditions typical of a large, stable, and homogeneous national organization. In an organization such as the United Nations, they concluded, the requirements of the post and the caliber of the individual should both receive appropriate attention in order to ensure at any level the utmost flexibility in the use of staff and lead to the development of an outstanding international career service.

The new scheme also provides that, in addition to salary, a staff member in the General

Service Category may be given a nonresident's allowance if he has been recruited from outside the country of his duty station. This allowance amounts to approximately \$200 a year at New York headquarters. Staff in this category are also paid a language allowance equivalent to a one-step salary increase if they pass an appropriate examination and demonstrate continuing proficiency in any two of the five official languages of the United Nations.

Except for minor changes in age requirements, the children's allowance and education grant provisions of the former system have been continued. In general, all staff receive a children's allowance of \$200 per year for each dependent child. An additional \$200 per year is paid as an education grant if an internationally recruited staff member sends his dependent child to school in his home country. The organization also pays the child's travel expenses for an annual round trip between the home country and the staff member's duty station.

A rental allowance will continue to be payable, through 1951, to internationally recruited staff who meet certain residence requirements. This allowance is paid on the basis of salary level and dependency status, and varies between \$175 and \$450 per year.

An expatriation allowance, which was a feature of the old salary and allowance system, has been discontinued and replaced by a system of repatriation grants payable upon separation to all staff members who are not nationals of the country of their duty station and who are entitled to repatriation at United Nations expense. Although the Committee of Experts was convinced that there was little reason to pay a permanent expatriation allowance to a career staff member, it was recognized that upon being repatriated a staff member is faced with certain extraordinary expenses in re-establishing himself and his home. As a repatriation grant, an individual staff member may receive from one to six months' salary, depending upon length of service and dependency status.

Since job security is an important feature of a career service, the committee recommended that the number of indeterminate (or permanent) appointments be increased, that fixed-term appointments be gradually eliminated, and that, as a general principle, staff members

not be kept for unduly long periods in temporary status.

The provisions of the old scheme for payment of termination indemnities have been modified, especially for temporary staff. A minimum indemnity of three months' salary will be paid to an indeterminate staff member who is terminated. This indemnity increases with seniority to payment of nine months' salary after nine years of service, instead of twelve years as required under the former scheme. For the temporary staff member, the new scheme provides a minimum termination indemnity of one month's salary after one year of service, increasing with seniority to eight months' salary after nine years of service. Staff who resign or leave upon the expiration of fixed-term appointments receive no indemnity pay.

Staff members will continue to receive 30 days of annual leave, but the former ceiling of 100 days of annual leave which can be carried forward into a new year has been reduced to 60 days.

Since it was recognized that the primary purpose of home leave is to enable staff members to maintain their national ties and interests so that the "representative" character of the staff as a whole is kept alive, the new provisions exclude the granting of home leave to staff members who are serving at a duty station in the country of their nationality. Other staff members will continue to receive, once in every two years, home leave consisting of travel time up to 30 days and travel expenses for themselves and their eligible dependents. The General Assembly rejected a proposal to change the frequency of home leave to once in every three years.

There is a slight liberalization of the former provisions in the new sick and maternity leave system. Staff are credited with 25 days of sick leave at the beginning of each year of service. Unused credit may be carried forward up to a maximum of 125 days. Advances of sick leave of up to 50 days may be granted after two years of service. Staff members with two years of service are entitled to maternity leave of six weeks prior to the date of confinement and six weeks thereafter.

A provisional social security scheme, of which sick leave and maternity leave are a part, has also been placed in effect upon recommen-

dation of the Committee of Experts. The new scheme represents a rationalization of the former provisions and introduces a necessary distinction in the organization's liability for service-incurred sickness, injury, or death as contrasted with normal risks not directly attributable to employment by the United Nations. In developing the new scheme, the general features of the pension plan were taken into account as well as the medical insurance plans in which the majority of the staff members participate. Death and disability benefits for service-incurred accidents or illnesses are provided on a scale more generous than those in the regular pension fund regulations.

In anticipation of adoption by the General Assembly of the new salary, allowance, and leave system, the Secretary General made arrangements early in 1950 for a Salary Review Committee to re-evaluate every post in terms of the proposed system and review the qualifications of individual staff members. This made it possible for staff members to be informed of their classification under the new scheme very soon after the resolution was approved by the General Assembly. An appeals procedure was established to handle cases of staff members who felt they had been incorrectly classified.

The assimilation of staff into the new salary and classification scheme presented a number of problems, the most important being the extent to which salaries and salary ceilings under the old system should be preserved. After examining several proposals, the General Assembly approved a plan under which full assimilation of the staff would be more rapidly achieved, yet which would afford an adequate transition period to all staff members adversely affected. This plan enables a staff member whose old salary was above the ceiling of the new salary level to which he was assigned to receive the difference as a personal allowance, provided that this allowance does not exceed the equivalent of three salary increments beyond the ceiling of his new salary level. The plan also makes it possible for a staff member who was proceeding to an old salary ceiling which was higher than the ceiling of his new salary level to receive salary increments on the basis of the new salary scales until he reaches a point either equal to his old salary ceiling or three increments beyond his new salary ceiling,

whichever is lower. Any salary payment in excess of his new salary ceiling is considered a personal allowance.

Another problem of assimilation concerned the service credits toward salary increments which were earned under the old salary system. Instead of automatically transferring all staff members to the new scales on January 1, 1951, the General Assembly approved a plan which it considered to be more equitable and more economical. Under this plan the only staff members transferred to the new scales on that date were those who either had been classified into a level which had a starting salary above their old salary, or had earned service credits toward an old salary increment which, when added to their old salary, equalled or exceeded the next higher step in the new scheme.

For the other staff members, the dates of en-

trance into the new scheme have been staggered throughout the year 1951. The entrance date for each of these staff members was determined by computing the percentage of a new salary increment still to be earned as of January 1, 1951, after taking into account the service credit which the member had already earned toward an increment under the old system.

Putting the new salary, allowance, and leave system into effect required a comprehensive revision of the staff rules as well as the administrative manual which contains the rates, conditions, and procedures implementing the staff rules. A series of information circulars and informal letters were also issued in order to give the staff a detailed explanation of the new system.

Decentralization or Decapitation?

The Washington Post and Benton MacKaye have kindly given *Public Administration Review* permission to reprint an editorial entitled Decentralization, which appeared in the *Post*, February 18, 1951, and Mr. MacKaye's comment, printed in the *Post*, February 23, 1951, under the title "Decentralization."

Decentralization

THE immediate motives behind the current decentralization program for Government agencies are to ease the building space problem here and make Washington a less attractive bombing target. If the result is to place many specialized agencies closer to their actual fields of operation, however, it may well prove to be a blessing in disguise. There is no good reason why all units of the Federal Government should have their headquarters in the Capital. Indeed, some are already decentralized, including the Tennessee Valley Authority, which has its headquarters in Knoxville, and the Bonneville Power Administration, which is located in Portland, Oreg. With careful planning, the present intention of shifting Federal units employing 25,000 persons for permanent location in other cities may pay dividends in efficiency as well as security.

Probably the most obvious example of a unit that ought to be high on the "decentralization" list is the Bureau of Reclamation. Its problems are entirely in the West. As a matter of good management, it seems to us that it should be located in the region where its chief interests lie. The same may be said of the Bureau of Land Management, the Bureau of Mines, and the Fish and Wild Life Service. Likewise there are various agencies in the Department of Agriculture that could be ex-

pected to function to better advantage in the farm belt—for example, the Bureaus of Animal Industry and Dairy Industry, and the Soil Conservation Service. Why should not the Forest Service be located closer to the great forest areas that are its chief concern? And why should the Rural Electrification Administration be taking up space in congested Washington?

We surmise that a shifting of many agencies to the regions they actually serve would be desirable quite apart from the present emergency. It is true that some bureau chiefs and other employes are actively resisting decentralization. But it is the public interest that must come first. The least that can be said is that the present emergency affords an excellent opportunity for experimentation to determine whether the agencies mentioned and others can function more effectively in the regions where their work is.

"Decentralization"

YOUR editorial of February 18, on so-called decentralization, reveals one more new and very "practical" problem dependent on the age-old "academic" riddle of word meaning. Decentralization means moving something from a center to a periphery. Whether this be in the public interest, which of course must come first, depends on what the "something" is that one proposes to move. A standard job in this field has been done by old Dame Nature. Take her layout of the human body.

This consists of head plus trunk plus arms plus legs. Hands and feet are on the periphery, or outskirts; they are the tools, respectively, of making things and going places (of manufacturing and transport). They are directed or bossed from a central office located on the shoulders—in one place. Here, all handily huddled together, are the top level bureaus of sight, of hearing and of the other senses controlling the tools of fingers and feet located on the far frontiers.

NOTE: Benton MacKaye has had wide experience in planning and other activities of federal agencies, both as staff member and consultant. These agencies include the Forest Service, the Department of Labor, the Tennessee Valley Authority, and the Rural Electrification Administration.

Here is a perfect scheme of decentralized activity. Why? Because it is *centralized*! The hands and the feet are located far apart, each "in the region where its chief interests lie" (to use your words). They are held together and directed toward a common goal (the over-all or "national" objectives of the whole human body). They are directed from the one and only place wherefrom they can possibly be directed, namely where sight and hearing and smell et al can always get immediately together concerning said common goal.

The Nation, like the human body, has its head and its hands and its feet. With the one as with the other, the way, successfully and efficiently, to decentralize the arms and feet is to centralize the head. Indeed, that is all you can do with a head; the only way you can decentralize a *head* is to dehead it.

Let's get down to a practical case. During World War II the Rural Electrification Administration was moved to St. Louis. The Forest Service remained in Washington. My own work in the REA demanded close contact with the FS and with several other head agencies. While we were all together on the Potomac such contact was simple and efficient—a matter of minutes around a table. But separated, to the tune of days and mailing or long-distance telephoning, it was, for all practical purposes, impossible.

You cite some agencies that are "already de-

centralized"—the Tennessee Valley Authority and the Bonneville Power Administration. Verily, they are and should be decentralized, and for the very simple reason that they are regional agencies and not national. There are now, or were a few years ago, some 1300 Federal agencies scattered throughout the United States. But they constitute the "hands and feet" of the Federal system, and not the "heads."

You cite the Reclamation Service, Bureau of Land Management, Soil Conservation Service, Forest Service and others. You say that they should be located "where their work is." They certainly should. Their hands and feet, their field offices, should be out West, or up North, or down South, or back East, or wherever they belong (and just where they are now). But leave their *heads* in Washington, for that is where *their* work is.

Washington surely should be made "a less attractive bombing target," as you wisely say. The Government agencies should be moved further away from Pennsylvania Ave.—over in Virginia and in Maryland. Their respective workers could still get together around the table, given a proper transport system. Dispersal, not decapitation, is the way to get those "dividends" you mention in "efficiency as well as security."

BENTON MacKAYE.

Washington.

Reviews of Books and Documents

Toward a Study of Comparative Public Finance

By Jesse Burkhead, Syracuse University

United Nations, Department of Economic Affairs, PUBLIC FINANCE INFORMATION PAPERS: EGYPT, 1950; COLOMBIA, 1950; ITALY, 1950; IRAN, 1951. PUBLIC FINANCE SURVEYS: VENEZUELA, 1951. (International Documents Service, Columbia University Press, 2960 Broadway, New York City 27.)

THE study of public finance in a number of countries may or may not reveal a set of common experiences or "principles." The structure of taxation, expenditures, and fiscal administration in a particular country is often the product of a specialized institutional development. It is sometimes most difficult to see how a particular arrangement grew up as it did within a country, and always hazardous to attempt to generalize from a limited range of observation.*

Yet the study of comparative public finance can be a useful undertaking. At an "academic" level it can be stimulating to discover that things are done differently in other countries. This discovery will throw light on problems and solutions in one's own country, particularly if it is possible to ascertain not only that things are done differently, but why they are done differently. A growth of knowledge about the varieties of administrative experience is inevitably suggestive of reform. The learning process is enhanced by a study of comparative institutions. In the United States we are handicapped in the development of more effective administrative techniques in such areas as tax collection and budgeting by a lack of adequate descriptive material on representative experience in the states and their subdivisions.

There is a need for materials for study, and

beyond this there is a need for a sympathetic approach to such materials. The student of comparative public finance is not likely to gain much insight if he insists on measuring "foreign" experience as a departure from a "domestic" norm, or if he concludes that XYZ has not yet "learned" to devise efficient institutions. The important question is why XYZ has not yet "learned."

Beyond this kind of intellectual stimulus, or horizon-broadening, lies an even more important justification for the investigation of the public finance institutions of other countries—its value for programs of economic stability and development. Technical assistance for under-developed countries forces examination of the public finances of these countries. Governmental machinery is generally used for planning and directing developmental programs. Tax structures, government expenditures, and budgetary procedures must be capable of implementing economic development and the public finances of a country should be analyzed in relation to the whole context of this development. Beyond this, it is important to investigate the problem of the transferability of public finance techniques and institutions.

The problem of transferability is, of course, common to all areas of technical assistance, although it has different attributes in different circumstances. It is sometimes possible to spray an area with DDT, cut back the incidence of malaria, and reduce the death rate. Spraying with DDT is a transferable technique. It can be used in advanced industrial countries or in underdeveloped countries—although the effects will be very different. When we come to fiscal techniques we are not so sure what is transferable and what is not. Is a capital budget system a prerequisite in a country

* The author has profited greatly from discussion of problems of economic and administrative change with Dean Paul H. Appleby and Melvin A. Eggers.

where government-financed investment programs are under way? Should consumption taxes be used to restrict inflationary tendencies in an underdeveloped economy where living standards are already very low?

It is easier to ask the questions than to answer them. There is a great deal that students of economics and public administration do not know about the processes of economic development and the role of government therein. Rather obviously, a first step in understanding these processes is the acquisition of additional descriptive material about particular countries. Such material may lay the basis for getting at the more significant issues in the transferability of techniques, fiscal or otherwise.

I

THE Fiscal Division of the Department of Economic Affairs of the United Nations has initiated a series of country studies of public finance which will go a considerable way in providing the factual background needed for an analytical study of comparative public finance. These studies are of two types—information papers, of which four have been published to date, and public finance surveys, of which one has been released.¹

The information papers, as the title implies, are factual presentations; their descriptive material is generally limited to the identification

¹ The public finance information papers and the public finance surveys are by no means the only source of recent data on comparative public finance. In a series called "Public Finance Data" the Fiscal Division of the UN released during 1948 and 1949 summary studies of some twenty-three countries. It has also published two special studies, *The Effects of Taxation on Foreign Trade and Investment, 1950*; and *Budgetary Structure and Classification of Government Accounts, 1951*. The *Statistical Yearbook of the United Nations* in 1948 and in 1949-50 contains summary tables on central government finances of all member nations. Regional surveys by the Economic Commission for Asia and the Far East and the Economic Commission for Europe provide additional data for 1948 and 1949. The Statistics Division of the International Monetary Fund and the Fiscal Division of the Secretariat sponsor a questionnaire on central government financial statistics. The results are summarized each month in IMF's *International Financial Statistics*. In addition, the Economic Cooperation Administration has published a number of data books which record the public finance transactions of recipient countries. The Organization for European Cooperation also publishes government financial data in its annual reports.

of trends and major changes in the character of a country's public finance institutions. The surveys go considerably beyond the descriptive level to an evaluation of institutional changes. It is anticipated that public finance studies of both types will continue as part of the responsibilities of the UN Fiscal Division.² Before exploring some of the implications of public finance research of this type, the nature and contents of each of these documents will be described.

The *Egypt* paper consists of 12 pages of descriptive material covering major recent changes in the finances of the central government and 18 pages of tabular material on receipts, expenditures, economic indexes, the public debt, and the general balance sheet of the central government. Many of the data start with 1937/38; war and postwar trends are analyzed; some of the series include estimates for the year 1949/50. In the descriptive material no effort is made to evaluate the decisions or actions of the Egyptian Government.

The trends in government expenditures in Egypt, when compared with movements in wholesale prices, would indicate that there has been no expansion in the *real* volume of government activity during this period. The financial volume of outlays has increased fourfold; but the price level has increased even more rapidly. The largest increases in government outlays have been in the national defense category, which was 5 per cent of the budget in 1939 and 17 per cent (estimated) in 1950. Debt service has declined, proportionately; civil expenditure has declined; social welfare outlays have kept about even pace and public works outlays have increased modestly.

The Egyptian five-year plan for economic development was initiated in 1946, but has thus far progressed rather slowly. In 1948/49 actual expenditure was 80 per cent of the planned rate, but this amounted to only 7.4 million pounds in a total budget expenditure of 183.4 million pounds. Between 1939 and 1950 the Egyptian tax structure shifted somewhat in the direction of increased reliance on

² For an excellent survey of the public finance activities of the League of Nations and of the United Nations see Josef Berolzheimer, "International Statistics on Government Finances and Activities," 3 *National Tax Journal* pp. 134-52 (June, 1950).

direct taxes. In 1939 income taxes were an insignificant 2 per cent of total receipts; in 1950 it is estimated that they will amount to 18 per cent of the total.

The public debt of the central government increased about 50 per cent in Egypt from 1937 to 1948, but its composition has been drastically altered. In 1943 the foreign debt (then 90 per cent of the total) was wholly converted to domestic obligations through the sterling balances available to the Egyptian government from Allied military purchases.

The budget structure of the Egyptian central government is reasonably comprehensive. Commercial-type enterprises and all developmental undertakings are included. Capital outlays are listed separately in the budget, under the heading of "new works." Budget surpluses are transferred to a general reserve fund, which is also used to finance certain extraordinary expenditures and debt redemptions. Outlays from the general reserve fund are extra-budgetary.

It would appear from the limited information provided that the public finances of Egypt have not yet been fully harnessed to the task either of economic development or of economic stabilization.

The *Colombia* paper is of about the same magnitude and scope as the *Egypt* paper (18 pages of descriptive material and 20 pages of statistical data) and covers the period 1937-48. The data reveal a country which has made considerable progress in the development of orderly public finance. From 1937 to 1948, budget expenditures increased by 400 per cent; if allowance is made for changing price levels there was an approximate doubling of real outlays over the period. Tax receipts did not keep pace with expenditures and mounting deficits have been financed in large part by central bank credit.

The expansion in central government expenditures in Colombia came about largely through capital outlays, which increased from one-fourth to one-third of budget expenditures between 1937 and 1948. This expansion was implemented by previously established agencies—the Industrial Development Institute, the Municipal Development Fund, and the Agricultural, Industrial and Mining Credit Bank. In the period social services about held their

own in the proportionate distribution of budget expenditures; debt service and general civil expenditures declined slightly.

During this 10-year period the Colombian tax structure underwent a drastic shift. In 1937 direct taxes made up only 23.6 per cent of total tax receipts; additional income tax levies in 1944 and 1948 pushed the direct tax component to more than half the total in 1948. Like most central governments during these years, Colombia expanded its debt—from about 260 million pesos to 540 million pesos. All of the increase was in domestic debt; foreign debt declined slightly.

The Colombian budget system does not include all central government financial activities. The major developmental and credit institutions are excluded, with the result that a comprehensive picture of government operations cannot be obtained. The budget revision initiated in 1950 is expected to improve the pattern of financial reporting within the existing scope of the budget, but will apparently do little to make budget data more comprehensive in character. It may be anticipated that the Currie Mission will generate additional pressures for tax and budget reform in Colombia.

The *Italy* paper is a more thoroughgoing presentation than either the *Egypt* or *Colombia* paper. An initial description of 50 pages is followed by a statistical summary of 30 pages. The paper also gives some evaluation of recent developments.

The period surveyed is 1937/38 to 1948/49 and, in spite of the lack of comprehensive data for much of the war period, a reasonably clear picture emerges of recent trends in Italian central government finance. The period does not show an over-all increase in budget expenditures, after adjustment for changing prices; in fact, 1948/49 outlays amount to only about 68 per cent of 1938/39. The major reduction in central government outlays has come in the military component. In 1938/39 this classification accounted for 44 per cent of the total; in 1947/48 it was down to 12.7 per cent. An increase toward 17 per cent was projected for 1949/50. Between 1938/39 and 1950/51 social service outlays about doubled as a proportion of budget expenditures, and capital outlays increased slightly.

The Italian tax system, in the ten years surveyed, appears to have become more regressive, with an increase in indirect taxation and increasing problems of tax avoidance. Public debt increased sixteen-fold, but the price level increased about three times as rapidly, with a corresponding diminution in the real debt burden and a reduction in debt service as a proportion of total outlays.

The financial reporting of the central government in Italy does not permit measurement of a true cash deficit or of the total volume of financial transactions undertaken by the government. The Treasury makes delayed payment on prior year appropriations, which gives rise to *residui*—which may represent unexpended appropriations for such programs as public works. In some instance credits voted by Parliament have been utilized as the basis for loan finance from the Bank of Italy or from commercial banks, and these unliquidated obligations may also form part of the *residui*.

The Italian budget structure does not follow a consistent pattern. Traditional state enterprises, for example, fiscal monopolies and the state railways, are included in the budget. The recently developed enterprise activities, such as the Institute for Industrial Reconstruction, are largely outside the budget. Attempts at budget reform have met with little success to date. The basic structure of the budget rests on two categories—"effective receipts and expenditures" and "movement of capital." The latter is not a true capital account, but shows certain loans and advances to private firms and local governments, repayments of loans, and some borrowing operations. The Italian system of financial reporting does not reveal the government's total contribution to capital formation or its total contribution to levels of economic activity.

The *Iran* information paper, in coverage and character, is similar to the *Italy* paper. Sixty pages of descriptive material trace the development of public finances from 1938/39 to 1949/50; 40 pages of appendix describe the history of the Iranian income tax and provide details on budget receipts and expenditures.

Government activities in Iran have not kept pace with inflation. In the period from 1939/40 to 1949/50, the budget increased fourfold, wholesale prices fivefold, and the cost of

living sevenfold. The inflation caused a redirection of government expenditures. Apparently a major, but not wholly satisfactory, effort was made to maintain the real wages of government employees; administrative costs increased from 29 to 46 per cent of the budget, and social services from 7 to 11 per cent. The effort to maintain real outlays in these sectors was accompanied by a decline in capital expenditures—from 40 to 14 per cent of the budget. The seven-year development plan, established in 1949, contemplates an eventual level of expenditures which would restore capital outlays to their former importance in Iranian government programs.

The tax system of Iran depends heavily on fiscal monopolies (e.g., tobacco, opium, sugar, tea, cotton, wheat) and customs duties. These two categories made up about two-thirds of all revenues in the period. The income tax dates to 1930, but in 1937/38 it brought in only 12 per cent of the tax revenues; by 1949/50 it had increased to 16 per cent. Land and inheritance taxes are insignificant. Uncollected taxes are estimated at about 9 per cent of 1949/50 receipts. Nontax revenues are about one-third of central government receipts. Of these the most important are oil royalties, which amounted to about 11 per cent of total revenue (tax and nontax) in 1948/49.

The fiscal organization of Iran is highly centralized in the Ministry of Finance. The Central Budget Department is located here, as is revenue administration. There are no important local government responsibilities in Iran. The budget system is reasonably comprehensive. After some experimentation with a separate budget for commercial type activities, the government returned in 1945/46 to a system under which the net results of these activities are reflected in the general budget. It is not possible, however, to appraise with accuracy the total economic character of government operations; data on the use of reserve accounts, for example, are lacking.

Iranian public debt increased very little in the decade; the increase was financed largely by central bank borrowing. Foreign debt holdings are insignificant, and the total public debt is less than a year's budget receipts. The public debt picture appears to be one of the few really

bright spots in Iranian central government finance.

The *Public Finance Survey of Venezuela* is a comprehensive examination of the government structure of that country as reflected in public finance institutions. The *Survey* is both historical and analytical. The major presentation is contained in 62 pages; one appendix describes basic revenue statutes; a second presents statistical material for the years 1936/37 to 1950/51. The *Survey* makes two notable contributions—one in its description of fiscal administration in Venezuela and the other in its summary chapter discussion of the fiscal basis for economic stability and development.

The current fiscal position of Venezuela is generally excellent. The foreign debt is nil; the public debt is low; the Treasury has cash surpluses equal to one-fifth of annual budget expenditures; gold and foreign exchange holdings equal 80 per cent of budget expenditures. But the favorable position is supported by one crop—oil. About 60 per cent of Treasury revenues, in one form or another, come from this single resource. The paper describes the relation between oil and the Venezuelan treasury as one of "mutual importance."

The generally prosperous state of the Venezuelan economy in the past decade has been matched by a substantial growth in the public sector. The volume of government receipts and expenditures increased fivefold over prewar years; during this period retail prices about doubled. This is a high degree of economic stability in these years for a country at the stage of economic development of Venezuela.

Between 1936/37 and 1950/51 the pattern of expenditures of the central government has shifted in the direction of greatly increased emphasis on public works and social services. The departments of war, navy, foreign affairs, and finance have expanded proportionately far less than the departments concerned with development, health, welfare, and education. The pattern of tax receipts has also undergone substantial modifications. The *Survey* reclassifies government receipts in terms of revenues derived from wealth and income and revenues derived from commodities and services. Revenues from the former category were about 27 per cent of the total in 1936/37 and about 61 per cent in 1948/49. This shift has been ac-

complished by the income tax, first imposed in 1942, and subsequently expanded. The result is a tax system which is much more progressive than during the 1930's. The largest single source of revenue continues to be royalties on oil production, and the Venezuelan tax system demonstrates that oil can be taxed in a large number of ways.

Patterns of fiscal control in Venezuela are significant in at least two respects. First, a large number of legal entities—autonomous institutions—have been established outside the framework of the general budget. They include some of the most important developmental and financial activities of the country. The budget shows all government contributions to and receipts from these institutions but does not reflect the net results of their operations. Second, about 90 per cent of the budgets of the states consist of allocations from centrally collected revenue. This makes possible a well coordinated central-state fiscal policy.

Venezuelan fiscal policy appears to have made major contributions to economic stability and development in the past decade. The cash balances have undoubtedly dampened down inflationary tendencies, and the resource development projects have initiated a desirable diversification of the economy.

II

EXAMINATION of the combined experience of these five countries suggests some conclusions. It is evident that central government activities are not uniformly increasing in all countries of the world. Of the five countries surveyed, only Colombia and Venezuela had an expansion, in real terms, in the public sector of the economy. In the other three countries the total volume of receipts and expenditures mounted sharply, but the price inflation of these years absorbed the bulk of the increase. Inflation in these countries has altered the character of central government programs. Traditional civil functions, and even social welfare, have not kept pace, as a result of a drop in the real wages of government employees and the failure to increase social welfare outlays as prices rose. Where expansion has taken place it has usually been in develop-

mental programs. It takes an effective government administration to cope with inflation; a "weak" government will be further weakened by its impact.

These five countries have also, without exception, moved toward self-sufficiency in loan finance. Public debt is increasingly domestically held. The foreign bondholder as a source of finance is less important today than he was ten years ago. Similar developments have occurred in private finance, reflecting a growth in private savings and increased financial self-sufficiency of underdeveloped countries. The growth of domestic savings has been accompanied by a moderate trend toward more progressive tax structures. Income taxes have generally been strengthened, although effective income tax administration remains a crucial problem.

The increased worldwide interest in programs for economic development has not yet been matched in performance. All five countries have planned additional expenditures for public works and resource development, but programs have usually lagged behind the planned rates. In none of the countries surveyed have public finance institutions been fully geared to the requirements of economic stability and development.

One of the major handicaps to the more effective utilization of fiscal techniques is the laggard development of central government financial reporting. The budget may not be comprehensive, or the public accounts may not be presented in a meaningful form. Improved financial reporting may be a prerequisite to, and at least must accompany, a government-sponsored developmental program.

It may be useful to suggest a set of "minimum requirements" for government financial information. Central budget offices or legislative committees may put forward alternative or additional requirements. The ones suggested here are relevant for central government economic programing.

1. Government accounts should reveal the economic effect of receipts, expenditures, and public debt operations. This requirement means that:

a. Receipts should be classified as "direct" or "indirect." For example, government reve-

nues from commodity taxes should be distinguished from revenues from income taxes levied on individuals and business enterprise.

b. Expenditures should be classified to reveal whether payments are made for goods and services currently produced or as transfers, that is, for such purposes as social insurance benefits which, in accordance with conventional description, add to the income of individuals with no counterpart in increased current output. Expenditure classifications should also reveal the government's contribution to the nation's capital formation.

c. Public debt accounts should reveal the type of funds invested in government securities, such as personal savings, institutional savings, or central bank credit creation.

With this type of information (and many refinements could be added) it should be possible for budget officials and government planning authorities to estimate, with reasonable accuracy, effects of changes in government operations on levels of economic activity within a country. In particular, it should be possible to determine whether the central government is changing its rate of contribution to inflationary and deflationary tendencies. If national income estimates are also available, it should be possible to determine the relationship between government activity and the total of a nation's economic activity.

2. Government accounts should identify, where possible, all public undertakings—income-producing operations which are conducted under government auspices—whether within or outside established departments and agencies. The last two decades have brought, in almost every country, a substantial growth in this type of activity. Often these activities are wholly extra-budgetary, sporadically and incompletely reported. The justification which is sometimes suggested for this kind of "irregularity" is that control by central budget offices, or by the legislature, will discourage effective, aggressive administration of the undertakings. It should be possible, however, in most countries, to establish uniform reporting without imposing restrictions on effective action. The reporting is needed to determine the economic and financial effects of the public

undertakings on the whole program of the central government.

3. Government accounts should reveal the nature and disposition of assets controlled by public authority. The Swedish government inaugurated the capital budget in 1925, not for purposes of public works planning, and certainly not to justify deficit financing, but to assist in the effective custodianship of assets. This is still good budgetary practice, although there are many controversial issues in the definition of "assets," and difficulties in the application of depreciation accounting. Effective government control over assets requires a capital account for income-producing activities and for departments and agencies that are responsible for acquiring, maintaining, or operating capital equipment. A capital account is most obviously required for government agencies with responsibility for resource development. Here the capital account, and its relation to the central government budget, becomes the yardstick for measuring performance. It may be noted parenthetically that the United States government has been most lagged in the development of techniques for asset control.

If these are minimum requirements in reporting government financial data for purposes of economic stability and development, and if underdeveloped countries are (by definition!) interested in economic development, why, then, are the minimum requirements so seldom attained? Alternatively, what can be done, within or from outside a country, to initiate reforms in the presentation of financial data and, indeed, in the whole area of fiscal management?

We know that it takes more than a technical assistance mission. A mission can survey the state of affairs; it can recommend; it cannot initiate. The power of initiation must come from within a country. Clearly, unless a reform movement is in existence, or can be called into existence, a technical assistance mission in the fiscal field can accomplish very little.

It seems likely that most technical assistance missions for fiscal affairs reveal little that is not known to government officials in the country under review. The mission finds that tax

collection is inefficient, that budgetary review is inadequate, that government accounting methods are obsolete. Almost exact parallels can be found in the hundreds of "mission" reports on property taxation in such places as Pipsisewah County, U.S.A. It turns out that property tax assessments vary tremendously on similar property, that review procedures are inadequate, that equalization is badly done. The citizens knew it before the "mission," although the situation is now somewhat better documented and possibly dramatized for new public attention. The recommendations may or may not be implemented. Most of the "mission" reports on property taxation have not been, with the result that property tax administration is underdeveloped in almost every jurisdiction in the United States. And yet the techniques for improvement have been known for a long time, and even occasionally practiced.

At this stage in our knowledge of the processes of change in economic and administrative institutions one can only speculate on the causal elements. We know, for example, that efficiency in governmental affairs is not undertaken for its own sake, that reform movements are generally initiated because some group sees the possibility for either absolute or relative improvement in its economic or political position. We also know that once a reform movement in governmental affairs is under way, it develops a certain momentum of its own and can often go far beyond the correction of the shortcomings which called it into existence.

It also appears that reform in public finance usually does not proceed according to any established scale of priorities. Revenue administration is not improved before new taxes are added; a capital budget is not delayed until after the budget has been made more comprehensive. A number of things will be done at the same time, in order to exploit fully the self-generating process.

If economic and administrative reform in the fiscal field proceeds as a total process, and not as a step-by-step affair, why, then, is it important to stress the adequacy of governmental financial reporting? The answer is that even though fiscal reform is a process and a

totality, the reform must start at some one point. Where governmental financial reporting includes the measurement of the economic effect of government operations, the control of public undertakings, and the effective custodianship of assets, it is no longer in the "technical" category. The development of this type of information becomes part of the process by which administrators and the citizenry at large come to understand the character of and the possibilities for improvement in their governmental programs. The consequences may not

be unlike what happens with the introduction of performance budgeting. The administrator and the budget officer who were previously immersed in the detail of personal services schedules are now required to think in terms of the programs and activities of their agency. A small-scale revolution in the outlook of the administrator may follow from a change in the type of budget presentation. Financial reporting, broadly conceived, falls in the category of techniques which help people to help themselves.

Contemporary Topics

Compiled by Public Administration Clearing House

United Nations Postal Service

Under a postal agreement signed on March 28, 1951, by Secretary General Trygve Lié and Warren R. Austin, Chief U.S. Representative to the UN, the U.S. Post Office Department will operate the UN Post Office at the UN Headquarters, with the UN supplying stamps free of charge. These stamps will be valid only on mail posted at the Permanent Headquarters, which will be postmarked "United Nations, New York." Stamps will be issued in eleven regular denominations from one cent to one dollar, and in four airmail denominations from six to twenty-five cents.

The first issues will probably be available by the middle of September when the operations of the UN Postal Administration will start.

This, the first postal service established by an international organization, will serve delegates, Secretariat members, and anyone with business to transact in the Headquarters. The UN Post Office will not serve the ordinary postal requirements of New York residents unconnected with the UN.

International Sanitary Regulations

A new code of international sanitary rules was unanimously approved at the concluding session of the World Health Organization in Geneva on May 25. These regulations, which will come into force October 1, 1951, will consolidate and replace numerous existing international conventions established to control and prevent the spreading of infectious diseases by sea and air traffic. The new code removes a number of present restrictions on travel which in the light of new medical knowledge are unnecessary. Provision is made for constant review of the sanitary code to meet developments in scientific knowledge.

The new sanitary rules provide maximum

as well as minimum regulations—thus avoiding the problem faced by health experts in the past in attempting to prevent nations from establishing unnecessary health regulations for commercial or political reasons.

Under WHO rules, no national ratification of these regulations is required. If a member state does not file reservations within nine months it is automatically bound by the regulations.

College of Europe

The College of Europe, located in the City of Bruges, Belgium, was established at the initiative of the Council of Europe "to train a carefully chosen group of graduates in the administrative, social, and cultural problems of the [European] continent, with the aim of preparing for the service of a United Europe to be." Thirty-seven graduate students from thirteen European countries, Egypt, and the United States are enrolled in the current term.

The college has a permanent faculty of eight professors, and forty-five visiting professors cooperated in the instruction during the first term. Among those offering lecture series in this period were Salvador de Madariaga, Spanish philosopher; Harold Butler, British economist and diplomat; Lord Orr, former director-general of FAO; Bertrand de Jouvenel, French author; and many other scholars, administrators, and political leaders from all over the world.

Because any European union which may develop is quite certain to be federal in character, the college has been particularly interested in bringing to its students instruction in federal government and administration as exemplified in the experience of the United States.

Japan Public Administration Clearing House

The Tokyo Institute for Municipal Research and six other local government associations have joined to establish the Japan Public Administration Clearing House and to make preliminary plans for creating a center for service to local governments and administrators along the lines of the "Thirteen-thirteen" group in Chicago.

In response to a request from Tamon Naeda, president of the Tokyo Institute, the Public Administration Clearing House, Chicago, is sending an adviser to Japan for a period of six to nine months.

George A. Warp, of the University of Minnesota, has been given a leave of absence to accept this assignment. Mr. Warp, an assistant professor of political science at the University of Minnesota, has been previously associated with PACH and with the Bureau of Public Administration, University of Virginia. From 1945 to 1948 he served as legal adviser to the civil information and education section and deputy chief of the religious and cultural resources divisions of General MacArthur's headquarters in Tokyo.

Technical Assistance Conference on Public Administration

The UN Technical Assistance Administration sponsored a series of meetings beginning June 18 at UN headquarters in New York, bringing together an international group of experts in the field of public administration to advise TAA in planning its work with countries seeking aid in the public administration field. The two main objectives of the conference were (1) to develop some kind of testing device, such as a checklist or questionnaire, to provide the TAA with background information on the state of administrative development in a country requesting aid, and (2) to formulate a series of basic steps that governments in new or less developed countries might use as a guide for improvement of their administrative structures.

International Development Authority

Creation of an international development authority to make grants-in-aid to underdeveloped countries in such fields as education, public health, and local administration was recommended in a report submitted by a panel of five UN economists to a commission of the Economic and Social Council in May. The report, which was prepared at the request of ECOSOC, also recommends that the UN explore the possibility of setting up an international finance corporation to make equity investments and lend to private organizations in underdeveloped countries.

The recommendations contained in the UN report are similar to those made by the President's Advisory Board on International Development in their report, *Partners in Progress* (see Spring, 1951, *Review*, p. 144).

Technical Assistance

Two subjects have been receiving new emphasis during recent months in connection with the various programs of technical assistance to underdeveloped countries—(1) more attention to the necessity for consideration of the public administration aspects of these programs and (2) recognition of the desirability of more on-the-spot training and coordination at the country level to insure integration of the various specialized programs into a balanced whole.

One of the most outstanding evidences of the emphasis on public administration came at the meeting of the UN Technical Assistance Committee last February when Isador Lubin, a U.S. representative, made numerous references in a statement before the committee to the need for greater attention to activity in the field of public administration. At the same meeting Hugh Keenleyside, director general of the UN Technical Assistance Administration, commented in connection with his own report that "no complaint could have pleased him more" since the Administration had feared that their plans for the coming year might be subject to criticism on the ground that too much emphasis had been given to that subject. Mr. Keenleyside reported that a public administration unit had been estab-

lished at UN headquarters consisting of a nucleus of experts as regular staff members, to be assisted by consultants employed on a temporary basis.

Attention to the administrative aspects of technical assistance programs was also evident in several of the Point IV programs announced by the U.S. Department of State during recent months, notably in the agreement with the American University at Beirut where a grant has been made for training Near Eastern technicians in agriculture, engineering, preventive medicine, economics, finance, and public administration, and in the agreement with the Government of Egypt which includes provision for the training of local staffs there in the operation and administration of the social security program.

The desirability of providing technical training on-the-spot and in cooperation with all related assistance programs was stressed in the discussions of the U.S.-UNESCO Policy Commission which met in Washington during May to formulate the U.S. position to be supported at the UNESCO meeting in Paris this summer. Point IV agreements signed with the Near East Foundation and with Athens College in Greece likewise stress the importance of relating technical assistance programs to the culture of the countries concerned and supporting programs already under way rather than trying to impose completely new activities on their existing patterns. In response to a request from the Indonesian government, the UN has appointed a technical assistance resident representative for Indonesia—Sir Mirga Ismail, former Prime Minister of Mysore, of Jaypur, and of Hyderabad, who has had a distinguished career as an administrator of development programs.

Administration of Foreign Affairs

The Brookings Institution report entitled *The Administration of Foreign Affairs and Overseas Operations* was published in July by the Bureau of the Budget, for which it was prepared.

Current interest in the report has centered on its recommendations for the administration of the new Mutual Security Program. Although giving qualified endorsement to plans

for the administration of that program jointly by the Department of State, the Department of Defense, and the Economic Cooperation Administration, the report suggests that under some circumstances it may be necessary to establish a director of military and economic aid in the Executive Office of the President in order to move the program forward rapidly.

The report also urges consideration of an alternative proposal for the development of the National Security Council. This proposal calls for the establishment of a full-time vice chairman of the council with responsibility under the President for executive leadership in all phases of national security policy. The President himself is the chairman of the council, and the report notes that in recent months he has presided at the meetings and actively controlled its agenda.

The broad scope of the report is indicated by its nine chapter titles, as follows: factors basic to the conduct of foreign relations in the world today; recent developments in government organization affecting foreign affairs; key elements of administrative doctrine for major governmental units; organization for the conduct of foreign economic programs; the Department of Defense and the conduct of foreign affairs; the role of the Department of State in program operation and coordination; representation in foreign countries; personnel administration for overseas civilian staffs; and coordination through interdepartmental committees.

Three features of the report may be of special long-term interest. One is the treatment of executive department vs. staff agency concepts of the nature of the Department of State, in which the report argues that the executive department concept must be controlling. A second is the suggestion for the eventual organization of a new executive department modeled somewhat on the Department of Defense. This would be a department of foreign affairs, within which there would be several subordinate "administrative departments," a term invented by the report to parallel the "military departments" that constitute Defense. A third feature is the extended treatment of various problems of the Executive Office of the President. The report probably con-

tains more factual material and more analysis of organization at the Executive Office level than has previously appeared in any public document, although stating that it has not attempted "to deal with it conclusively." The final paragraph of the report suggests the need for further study of the Executive Office.

Delegation of Authority

President Truman has asked the heads of all executive departments and agencies to review their programs and operations to determine whether sufficient authority has been delegated to responsible officials in field establishments to permit effective operation at that level. The President points out in his letter to the agency heads that recent improvements have been made in the provision of personnel, fiscal, property, and other services by central agencies of the government to assist the strengthening of field operations. He also emphasizes the special desirability, as a defense measure, of field offices being in a position to continue operations if central offices or headquarters should become inoperative.

The President has asked the director of the Bureau of the Budget to secure reports from the departments and agencies to determine the extent of present delegations of authority to field activities and to prepare a summary of this information for the President's consideration.

Federal Administrators Examination

The Civil Service Commission is using a new kind of test measuring administrative judgment and knowledge of public affairs to help federal agencies find the administrative talent they need to run the expanding defense mobilization programs. The examination is a multiple-choice test which has the important advantages in the present emergency of being relatively easy to administer to large numbers of applicants and quick to grade.

Circulars announcing this Federal Administrators Examination were distributed through field offices and by personnel officers and supervisors in federal establishments during the last two weeks of March. Eligibility was restricted to persons already employed by the

federal government at grade GS-12 or above (\$6,400), the object being to identify people already in the government in positions of some responsibility who might be transferred from nondefense to defense agencies or promoted to positions of greater importance.

Forty-seven hundred people (about equally divided between Washington and the field) took the examination on April 28. By May 23 all of the papers had been graded and lists of those who had passed were in the hands of agency officers.

As might have been expected, the majority of those who took the test were in grades 12 and 13, but there was a fair representation from the higher grades. As might have been expected, also, about a third of the candidates were currently serving in administrative staff positions. However, substantial numbers, who classified as lawyers, engineers, social scientists, and "miscellaneous," indicate that the purpose of the examination—to uncover additional administrative talent—was successfully achieved. The commission plans to check actual placement results after a period of about three months.

The examination given on April 28 had behind it six years of experimental work by the Civil Service Commission in which it was assisted by the Federal Personnel Council and by various agency heads and other administrative experts interested in the development of this type of test. During this period numerous validation tests were given to "guinea pig" groups in federal agencies and to selected individuals in executive positions outside the government.

Here is a sample of the multiple-choice type of question used in the examination:

1. A number of national organizations require the approval of the headquarters office on all actions originating in the field offices, instead of following the alternate procedure of delegating authority for such actions. This requirement of headquarters' review and approval is frequently unsatisfactory to the headquarters office itself. In general, the most frequent reason for the dissatisfaction in the headquarters office is that
 - A) headquarters may lack the information necessary for approving these cases
 - B) field offices resent the review

- C) the review causes delay
- D) it is felt that authority should be commensurate with responsibility
- E) clearance through a large number of divisions is required in most headquarters offices.

Awards

Frederick M. Davenport, chairman, Federal Personnel Council, received the third annual Stockberger award for being the most outstanding person in the government personnel field during 1950.

The William A. Jump Memorial Foundation award this year went to Talcott W. Edminster, a field research employee in the Soil Conservation Service of the Department of Agriculture. This award, which is restricted to persons under thirty-two years of age, is given for outstanding and inspirational leadership in public administration. The citation to Mr. Edminster recognized particularly "his original contributions and unique accomplishments in drawing together the efforts of many different groups—farmers, community leaders, college and state officials, and federal agencies—to effect the unified administration of soil and water conservation research programs in the Southeast United States."

Federal Reorganization

Reorganization Plan No. 1 of 1951, providing for the reorganization of the Reconstruction Finance Corporation under a single administrator, went into effect on April 30, 1951, despite the fact that a majority of those present and voting in both the Senate and the House of Representatives had voted to reject the plan. This seeming contradiction came about because of the provision in the Reorganization Act of 1949 requiring a constitutional majority to reject plans submitted thereunder—a provision designed to insure reorganization plans against defeat by a minority of the full membership. The vote in the House (where a constitutional majority is 218) was 200 to 196; the vote in the Senate (where a constitutional majority is 49) was 41 to 33. The controversial RFC plan is the first reorganization plan presented under the 1949 Act on which the vote

was so closely divided as to make the constitutional majority requirement decisive.

Numerous changes in the structure and functions of the RFC have been made since its establishment in 1932 and several major proposals for its reorganization have been made since 1949 when the Hoover Commission recommended that it be placed in the Treasury Department with general responsibility for its supervision vested in the Secretary. A minority of the commission, holding that "lending" itself was not a purpose, recommended that it be placed in the Department of Commerce where other aids to business are located. The majority also suggested a congressional review of the direct lending authority of the RFC.

An Administration proposal introduced on May 9, 1950 (Reorganization Plan No. 24), would have brought the RFC into the departmental structure by transferring it as a corporate entity to the Department of Commerce, to be administered by the board of directors and officers of the corporation under the supervision, coordination, and policy guidance of the Secretary of Commerce.

The House of Representatives, on June 20, 1950, approved this plan but the Senate, on July 6, 1950, approved a resolution of disapproval, thus rejecting the plan. Those opposing the plan argued that the Senate Banking and Currency Committee had not completed a review it was making of the operations of the RFC and that the independence of the RFC would be curtailed by bringing it within the departmental structure.

On February 5, 1951, the Senate Banking and Currency Committee reported that its subcommittee investigating the RFC favored S. 514 and S. 515 which would replace the five-man board of directors with a single governor and would establish a board of review of five to review certain loan applications. Action on these bills was sidetracked by the presentation on February 19, 1951, of the Administration's Plan No. 1, referred to above.

Hearings on the nineteen reorganization measures introduced in Congress on March 15 (Spring, 1951, *Review*, page 145) began late in May before the Senate Committee on Expenditures in the Executive Departments. Thirteen of the nineteen measures introduced in the

Senate have been referred to this committee, and the chairman has indicated that he plans to hold hearings on most of them this year.

Congress and the Federal Budget

The increasing size and complexity of the fiscal requirements of the federal government continue to arouse in the public officials responsible for reviewing and approving them an emotion for which the favorite word appears to be "frustration."

The omnibus or "one-package" budget, which allows the Congress to consider all government requests for funds in one comprehensive bill instead of in a number of separate bills, was abandoned this year after a one-year trial, as a result of action in the House Appropriations Committee to drop the procedure it had adopted in the Eighty-first Congress which made this type of consideration possible.

A group of forty-seven senators, led by Senator Harry F. Byrd, is seeking a return to the omnibus system through the introduction in this session of a concurrent resolution (S. Con. Res. 27) which would formally change the House and Senate rules to provide for permanent use of the single appropriation system.

A bill introduced by Senator John McClellan (S. 913) provides another approach to this problem of enabling the Congress to improve its consideration and action with regard to the annual budget requests submitted by the federal departments and agencies. This bill, on which hearings were held in May, would set up a joint committee on the budget, composed of five members each from the House and Senate, to be served by a staff which would continuously scrutinize the operations of the federal agencies and sit in on the preliminary stages of the budget preparation.

Among those testifying at the hearings were the top budget and accounting officers of the federal government.

Comptroller General Lindsay C. Warren addressed his testimony mainly to the suggestion that had been made a few days earlier by the President of the American Institute of Accountants—that the General Accounting Of-

fice be given the job to do. Mr. Lindsay pointed out that the Congress had never implemented a provision in the Legislative Reorganization Act of 1946 requiring the comptroller general to make an expenditure analysis of each agency in the executive branch of the government which would enable the Congress to determine whether public funds had been economically and efficiently administered and expended. The McClellan proposal for a continuing examination would, he indicated, involve much more extensive operations than those required for that *post-examination*, and he questioned whether it could be handled adequately except on a highly selective spot-check basis.

Budget Director Frederick J. Lawton suggested that any approach to the problem which involved the members of Congress more deeply in the complex details of the executive budget would be a mistake. He urged that congressional consideration be directed toward a broader view of the total budget operation which includes revenue requirements and new authorizing legislation as well as the agency requests for appropriations. On another aspect of the proposal, the director of the budget expressed unequivocal disagreement. "I should like to make this point," he said. "No matter what functions the Congress wishes to confer upon a joint committee or staff, I believe it is essential that the respective responsibilities of the Executive Branch for preparing and presenting the budget and of the Legislative Branch for reviewing and enacting that budget should be kept separate."

Two articles in the March, 1951, *National Tax Journal* support the view that the answer to effective congressional consideration of the fiscal requirements of the federal government is not to be found in increased preoccupation with the minutiae of the agency expenditures requests, although each has a different solution to suggest.

Herman C. Loeffler, in an article titled "Alice in Budget-Land," recommends statutory changes which would eliminate the present confusion arising out of appropriations based on obligations. Mr. Loeffler's proposal may be summarized as follows:

1. Base each annual appropriation solely on payments for the goods and services to be actually de-

livered thereunder up to the end of the fiscal year and not beyond.

2. Use 90-day reserves, etc., to pay tardy bills for such deliveries when rendered after year's end, i.e., after each June 30.

3. Use contract authorizations for all multi-year programs; make universal the present construction contract provision that annual expenditures under each contract are contingent on the size of the related successive annual appropriations by Congress.

Clinton Fielder, in an article titled "Reform of the Congressional Legislative Budget," proposes that the Joint Legislative Budget Committee established in 1946 be "resuscitated" and the concept of the legislative budget be expanded to include an economic budget (replacing the President's Economic Report), and that other procedural arrangements be made to enable the Congress to use these documents to provide fiscal leadership and control.

Survey of Government User Charges

A survey of the existing system of fees and charges for services provided by the federal government is being made by the Bureau of the Budget as the basis for further study of the adequacy of such charges. The House Ways and Means Committee passed a resolution near the end of the last session of Congress requesting the Bureau to make such a study, and there have been other indications, both in and out of Congress, of increasing public interest in this subject. A statement by President Truman expresses the view that "while it is not sound public policy to charge for all services of the Federal Government on a full cost basis, and many services should be provided free, the Government should receive adequate compensation for certain services primarily of direct benefit to limited groups."

The Bureau of the Budget has sent to the heads of all executive departments and establishments a questionnaire designed to obtain complete information concerning existing practices. No comprehensive list of these "government-user" charges has ever been compiled, although a sample study covering 12 agencies was made a year ago by the Senate Committee on Expenditures in the Executive Departments (*Fees for Special Services*, Sen. Rep. 2120, 81st Congress).

The House Committee on Appropriations this year proposed a section relating to these charges in the Independent Offices Appropriation Bill for 1952. The committee's views are contained in H. Rep. 384, 82d Congress.

Department Heads in State Government

The changing position of heads of departments in state government is analyzed in an article by Phillip Monypenny, assistant professor of political science at the University of Illinois, in the April, 1951, issue of *State Government*. Mr. Monypenny points out that while the growing number and variety of state activities has resulted in the creation of many new specialized functional operating units, the necessity for maintaining a reasonable span of control has made it desirable to limit the number of new "unifunctional" departments. As a result, department heads today are called upon to administer "an aggregation of activities, related in general purpose, but utilizing different working methods." Inevitably, in this situation, the operating heads of the various units in a department must be given a large amount of independence and responsibility and the department head must concentrate on the formulation of general policies and the maintenance of satisfactory standards of performance by the subordinate units under his control. To do this job of general management effectively, the department head generally requires increased staff assistance in the areas of financial control, personnel operations, investigation, reporting, and research, and he must leave the technical direction of the department's operations to the responsible unit heads.

A department head who operates in this way has less detailed knowledge of the programs under his supervision, but his usefulness as a member of the executive group responsible for the total state program is likely to be enhanced by his more generalized knowledge and experience.

Annual Legislative Sessions

Recent action by Michigan voters in approving a constitutional amendment providing for annual sessions of the state legislature brings to ten the number of states with legisla-

tures which constitutionally must meet every year. The Michigan Legislature has met annually since 1940, but in the even years the meetings have been confined to special sessions which could consider only the matters submitted by the Governor. Michigan's constitutional change sets no limits on what the legislators may consider in their new even-year sessions.

Colorado and Arizona both adopted amendments to their constitutions calling for annual legislative meetings in last November's general election. Arizona's amendment was a simple proposal for an annual session but Colorado specifically limits its sessions in even-numbered years to consideration of budgetary and tax questions.

Similarly, California and Maryland limit their even-year sessions exclusively to budget, revenue, and tax matters. Both of these states adopted annual sessions in 1946. Other states with annual legislative sessions include Massachusetts, New Jersey, New York, Rhode Island, and South Carolina.

Proponents of annual legislative sessions base their argument, in large part, on the disadvantages of forecasting state revenue and making appropriations for more than two years into the future and on the tremendous expansion in the work of the legislatures during the past generation.

Philadelphia Home Rule Charter

The first home rule charter adopted by the city of Philadelphia takes into account the heavy administrative responsibilities involved in the job of managing a city of such size by providing for appointment of a managing director to assist the mayor with his administrative duties. Under the terms of the charter, the managing director (who is appointed by the mayor without reference to the city council) appoints most of the department heads, subject to the approval of the mayor, and is responsible for supervision of these departments' activities.

A similar position was provided to assist the mayor of Los Angeles in an amendment to the charter approved in an election on May 29. In this case the appointment of the assistant, described as "city administrative officer," was

made subject to confirmation by the city council, and it is specified that he "shall have administrative and executive ability as demonstrated by five years' experience at the executive or administrative level."

Trends in the City Manager Profession

Increasing professionalization of the position of city manager is indicated by the annual summary of information on the training, experience, and tenure of city managers appearing in the 1951 *Municipal Year Book*, issued in June.

More than three-fourths of all city manager appointments in 1950 were from outside the city as compared with 38 per cent of those appointed in 1939. This change is significant as evidence that city councils tend more and more to choose trained and experienced men for the manager position in contrast with the practice of twenty or thirty years ago when the position of manager was frequently filled by the appointment of a local businessman or a department head in the city government.

More than half of the city managers appointed during 1950 had been managers in other cities, administrative assistants to managers, or students of public administration serving internships in manager cities. In 1939 less than one-fourth of the managers appointed had such background.

Growing stability in the profession is also indicated by a decreasing rate of turnover and a lengthening of the average tenure.

Ten cities, ranging in size from about 1,000 to over 100,000, have women managers. Four are in small Maine towns, three in Florida, and one each in California, Texas, and Puerto Rico.

Rutgers Bureau of Government Research

July 1 was the first birthday of the Bureau of Government Research at Rutgers. The bureau was established by the Trustees of The State University of New Jersey to help the counties and municipalities of the state achieve efficient and effective local self-government. Its three-way program of instruction, research, and service is closely related to a series of ex-

ploratory surveys made by the New Jersey State League of Municipalities to determine the fields where Rutgers men and Rutgers research could be used most effectively.

The bureau's first course offering, Municipal Finance Administration, drew an enrollment of 56 students. This course, which ran for eight weeks, was designed to give public officials and other interested persons a better understanding of municipal finance and a working knowledge of municipal law. Future courses will aim to provide in other specialized fields the combination of practical and theoretical training likely to be most useful to municipal and other government officials.

In the area of research, the bureau has produced its first publication—a study of the many and complex pension laws affecting municipal and state employees in New Jersey.

The director of the bureau is Bennett M. Rich, associate professor of political science at Rutgers, and president of the New Jersey Chapter of the American Society for Public Administration.

Baltimore Housing Authority "Open House"

On June 28, the Housing Authority of Baltimore City held a "Personnel and Methods

Open House" for personnel and methods people in public agencies in the Baltimore area. Some seventy people from seven federal, nine state, two county, and three city agencies and from eight hospitals, one college, and three civic groups attended the full-day session.

The program included a description of the operation of the Baltimore Housing Authority—testing program, factor comparison system of job evaluation, orientation program, performance evaluation and grievance procedures, and methods program including forms control. As each subject was presented there was a discussion of why certain techniques are used and how methods might be improved. The program included a number of exhibits: the Manual of Policy and Procedure, the employee handbook, the employee newspaper, and a description of the physical examination program for applicants and employees.

This open-house experiment was made to determine whether the discussion of the systems of individual agencies might aid in improving the caliber of public administration locally. It is too early to evaluate the success of the experiment; however, those attending the meeting expressed the desire that other agencies in the area hold similar open-house programs.

News of the Society

REGIONAL MEETING

There will be a joint luncheon meeting of the Society and the Western Political Science Association, at which the President of ASPA, John M. Gaus, will be the speaker, Monday, August 27, 1951, at 12:15 P.M., at International House, University of California, Berkeley. All members of the Society who are in the vicinity of Berkeley on this date should plan to attend this luncheon.

The Western Political Science Association will hold its Fifth Annual Meeting on August 27. Members of the Society are invited to attend the round table sessions of the Association. There will be two concurrent round tables meeting from 10:00 A.M.-12:00 M. at International House, Berkeley, as follows:

- A. Party Behavior in the Western States
Chairman: Milton R. Merrill, Utah State Agricultural College
- B. Direct Legislation
Chairman: Howard J. McMurray, University of New Mexico

The afternoon program consists of two concurrent round tables from 2:00-4:00 P.M. in the Library Annex Building, Berkeley:

- C. Great Britain's Social Experiment
Chairman: Philip W. Buck, Stanford University
- D. Western Resources and the National Defense Effort

Chairman: George A. Shipman, University of Washington

ANNUAL CONFERENCE

The Society will hold its annual conference, Friday, Saturday, and Sunday, March 7-9, 1952, at the Hotel Statler, Washington, D. C.

ASPA NEWSLETTER

By now all members of the Society will have received the first issue of the *ASPA Newsletter*, mailed in mid-July. As you will have noted, chapter news items henceforth will be carried in the *Newsletter* rather than the *Review* so that they may reach you more promptly. The next issue of the *Newsletter* will be mailed to members in September. Thereafter it will come to you monthly except July and August.

The editors of the *Newsletter* are Laverne Burchfield and Beverly Biersch. They urgently request that each chapter designate one person (president, secretary, or other reporter) to report on chapter activities as they occur. They also urge each reporter to make complete reports so that the *Newsletter* can be a real channel of communication on the content of chapter programs, other chapter activities, and chapter procedures. They also hope that members will send in their suggestions of the things they would like the *Newsletter* to carry. The Editors want to make the *Newsletter* of the greatest possible service to the membership within the limits of the time and space available.

ASPA Essay Awards

The American Society for Public Administration announces the establishment of two annual awards of \$100 each for outstanding essays on subjects dealing with public administration.

LOUIS BROWNLOW AWARD

Competition for this award is open to all non-student junior members of the Society. Junior members are persons twenty-eight years of age or under. For the year 1951, the subject of the competition will be a biographical sketch of a successful public administrator; the level of government at which he has operated and the size of the agency are not material. The essay should develop the essential facts of the person's administrative career, the personal characteristics making for success, and an evaluation of his contributions.

WILLIAM E. MOSHER AWARD

Competition for this award is open to all student members of the Society. Student members are persons in attendance at a college or university, matriculated for a degree, and devoting the major part of their time to study. For the year 1951, the subject of the competition will be an administrative case concerned with the making of a significant administrative decision. The level of government and the size of the agency are not material. The essay should present in a concise and balanced fashion the factual background for the decision, the methods used to analyze the issue, the factors involved in alternative decisions, the decision made, and an evaluation of the results.

The following rules apply to all essays submitted for either the Brownlow or the Mosher award.

1. Essays shall be from 3,000 to 6,000 words. Four copies shall be submitted, accompanied by a separate sheet stating the author's name, address, title of the essay, and the award for which the essay is being submitted. Since the awards will be judged anonymously, the author's name should not appear on the essay itself.
2. To be eligible, essays submitted for the 1952 awards must be postmarked not later than January 1, 1952.
3. Essays shall be judged by a three-member Committee on Awards, appointed annually by the President of the Society. The Committee shall refer outstanding essays to the Editors of *Public Administration Review* for possible publication.
4. The first awards will be made at the annual conference of the Society, March 7-9, 1952, in Washington, D.C.
5. All copies of each essay should be mailed to the Secretary-Treasurer, American Society for Public Administration, 1313 E. 60th Street, Chicago 37, Illinois.

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FOR THE YEAR 1955-1956

CHICAGO, ILLINOIS

1956

BY THE PHYSICS DEPARTMENT

CHICAGO, ILLINOIS

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